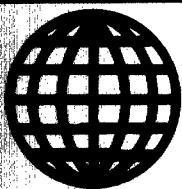


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22 MAY 1990



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# ***JPRS Report***

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# **East Europe**

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# East Europe

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## BULGARIA

### Constitutional Amendment Bill Proposed

90BA0079A Sofia RABOTNICHESKO DELO  
in Bulgarian 24 Jan 90 p 4

[Text] BTA Report: As we already reported, on 19 January 1990 the National Assembly commission on drafting a proposal on amending the Constitution of the Bulgarian People's Republic, together with the State Council, discussed and passed a draft bill on amending and supplementing the Constitution and a decision to publish it for nationwide discussion and submission to the National Assembly (the draft law is published separately).

The draft law includes only the most urgent partial amendments and supplements to the Constitution, aimed at ensuring the holding of free and democratic elections for the National Assembly, freedom of economic activities and variety of types of ownership, changes in the political system, etc. Changes are also proposed in connection with the revocation of paragraphs 2 and 3 of Article 1 of the Constitution, which was done at the last session of the National Assembly.

The overall changes will be the subject of the drafting of a new Constitution of the Bulgarian People's Republic.

1. The preamble is hereby revoked.

2. Article 1 is amended to read as follows:

"Article 1. The Bulgarian People's Republic is a socialist, democratic, and rule-of-law state."

3. Article 3, paragraph 1, is amended to read as follows:

"Article 3. (1) The state serves the people by defending its interests and gains; provides conditions for the socioeconomic development of the country and for the continuing improvement of the well-being, education, and health care of the people, and the all-round development of science and culture; ensures the free development of the individual, guarantees his rights, and protects his dignity; organizes the defense of the national independence and the state sovereignty and territorial integrity of the country; develops and strengthens friendship, cooperation, and mutual aid with the Union of Soviet Socialist Republics and the other socialist countries; conducts a policy of peace and understanding with all countries and nations."

4. Article 4 is amended to read as follows:

—1. In paragraph 1 the words "with the building of a developed socialist society" are deleted;

—2. "State apparatus" becomes "state authorities."

—3. Paragraph 2 is deleted.

5. Article 5 is amended to read as follows:

"Article 5. The basic principles for the structuring and functioning of the political system of society are the following: people's sovereignty, democracy, humanism, legality, and separation of the legislative, executive, and judicial powers."

6. Article 6, paragraph 2, is amended as follows:

First variant:

"(2) The term of the National Assembly and the people's councils shall be 5 years."

Second variant:

Article 6, paragraph 2, to remain unchanged.

7. In Article 6, paragraph 3, the word "full" is deleted.

8. Article 8 is amended to read as follows:

—1. In paragraph 1 the words "social organizations" are replaced with "economic and social organizations."

—2. In paragraph 3 the words "social organizations" are replaced with "economic and social organizations."

9. The following changes will be made in Article 10:

—1. Paragraph 1 is amended to read as follows:

"(1) The public organizations shall rally the various population strata, expressing and defending their specific interests, and shall work for the enhancement of their civic consciousness."

—2. Paragraphs 2 and 3 are deleted.

10. Article 11 is amended to read as follows:

"Article 11. Bulgarian shall be the official language of the Bulgarian People's Republic."

11. The following changes will be made in Article 13:

—1. Paragraph 1 is amended to read as follows:

"(1) The economic system of the Bulgarian People's Republic is based on the public ownership of means of production and the other types of ownership."

—2. Paragraph is amended to read as follows:

"(2) The development of the national economy is the foundation of the all-round advancement of society and freedom of the individual, the expansion of democracy, the well-being of the people, and the upsurge of the homeland."

—3. Paragraph 3 is deleted.

12. Article 14 is amended to read as follows:

"Article 14. (1) Ownership in the Bulgarian People's Republic may be state, municipal, cooperative, of public organizations, and of other juridical persons and citizens."

(2) All types of ownership in the Bulgarian People's Republic shall benefit from the equal protection of the state.

13. The following changes will be made in Article 15:

—1. Paragraph 1 shall be amended to read as follows:

“(1) State ownership shall constitute a single fund.”

—2. Paragraph 2 is deleted.

14. The following changes shall be made in Article 16:

—1. The word “national” shall be deleted in paragraph 1.

—2. In paragraph 2 the words “and the public organizations” shall be replaced with the words “public organizations and other juridical persons.”

15. In Article 17, paragraph 2, the words “of other juridical persons” will be added after the words “public organizations.”

16. The following changes shall be made in Article 21:

—1. In paragraph 1 the word “personal” shall be deleted.

—2. Paragraph 2 is deleted.

—3. The word “personal” shall be deleted in paragraphs 4, 5, and 6.

—4. Paragraphs 3, 4, 5, and 6 become, respectively, 2, 3, 4, and 5.

17. The following changes shall be made in Article 22:

—1. Paragraph 1 is amended to read as follows:

“(1) The basic principles for the organization and functioning of economic activities in the Bulgarian People's Republic shall be the following: a socialist market economy, development of all types of ownership, regulation through planning and economic means, creation of an efficient structure of the national economy, competition among producers, and broad international cooperation.”

—2. Paragraphs 2, 3, and 4 are deleted.

18. Article 25 is amended to read as follows:

“Article 25. Citizens may exercise any kind of economic activities other than those forbidden by the law. The law shall determine the means of production which cannot be the possession of citizens.”

19. In Article 28 the words “and the public organizations” shall be replaced by “public organizations and other juridical persons.”

20. Paragraph 2 of Article 29 is deleted.

21. The second sentence of Article 32, paragraph 2 is deleted.

22. In Article 38, paragraph 3, the word “communist” is deleted.

23. In Article 39, paragraph 1, the words “in a communist spirit” are deleted.

24. In Article 45, paragraph 3, the words “and of Marxist-Leninist ideology” are deleted.

25. In Article 6, paragraph 1, the words “and developed in a communist spirit” are deleted.

26. In Article 53, paragraph 1, the second sentence is amended to read as follows: “By their own choice they may profess or accept a religion and perform religious ceremonies and rituals.”

27. Article 60 is amended to read as follows:

“Article 60. Citizens must protect all types of ownership as the economic foundation for the development of the country and the well-being of the people.”

28. Article 67 is amended to read as follows:

“Article 67. The National Assembly exercises the legislative power and supreme control.”

29. Article 68 is amended to read as follows:

“Article 68. The National Assembly consists of 300 people's representatives, who are elected in districts of equal population size.”

30. Article 71 is amended to read as follows:

“Article 71. (1) The National Assembly is a permanently functioning supreme authority of the state power.

“(2) The National Assembly itself determines the time during which it is not in session.

“(3) The first session of the newly elected National Assembly will be convened by the president of the Republic.

“(4) When the National Assembly is not in session, it will be summoned by its bureau by request of one-fifth of the people's representatives, the president of the Republic or the Chairman of the National Assembly.”

31. A new paragraph 2 is added to Article 72:

“(2) The Chairman and Deputy Chairmen of the National Assembly will constitute the National Assembly Bureau. The functions of the bureau will be defined by the National Assembly.”

32. The following changes will be made in Article 78:

—1. In item 15 the words “State Council” are deleted.

—2. In item 16 the words “State Council” will be replaced by “the president of the Republic and the vice president of the Republic.”

33. Paragraph 2 of Article 80 is deleted.

34. The following new paragraph 2 is added to Article 86:

"(2) The people's representatives will receive a monthly wage which will be set by the National Assembly. They may not hold any other paid position."

35. Chapter V "State Council" is deleted. A new chapter V is created, to read as follows:

## Chapter V

### President of the Republic

Article 90. (1) The president of the Republic will be elected by the National Assembly for a term of five years, by secret vote and by a majority of no less than two-thirds of all people's representatives.

(2) If the required majority as per paragraph 1 is not attained, within a three-day period a new election is held and the candidate for whom more than one-half of all people's representatives have voted will be proclaimed president of the Republic.

(3) If no majority is obtained in the second vote, within three days a new election will be held and the candidate with the highest number of votes will become president of the Republic.

(4) The president of the Republic may be reelected for one more term only. No third term is allowed.

(5) The president of the Republic will perform his duties also after his term has expired until a new president has been elected.

Article 91. (1) Any Bulgarian citizen 40 years of age or older and meeting the requirements of people's representative may be elected president of the Republic.

(2) The president of the Republic may not perform other leading state, political, public, and economic functions and be a people's representative.

Article 92. (1) The president of the Republic shall:

1. Represent the state within the country and in its international relations;

2. Set the date for elections to the National Assembly and the people's councils;

3. Suggest to the National Assembly the chairman of the Council of Ministers;

4. On the suggestion of the chairman of the Council of Ministers, appoint and relieve individual members of the Council of Ministers when the National Assembly is not in session. This resolution must be submitted for approval at the next session of the National Assembly;

5. On the suggestion of the chairman of the Council of Ministers, appoint and relieve deputy ministers and heads of other departments below ministerial rank;

6. Submit appeals to the people and to the National Assembly;

7. Exercise the right to legislative initiative;

8. Grant, restore, and revoke Bulgarian citizenship;

9. Provide overall control over the country's defense and security;

10. Appoint and relieve the high command personnel of the Armed Forces and award high military ranks;

11. Declare general and partial mobilization and martial or any other state of emergency on the suggestion of the Council of Ministers when the National Assembly is not in session;

12. Declare a state of war in the case of armed attack on the Bulgarian People's Republic or the need for urgently meeting an international obligation of mutual defense when the National Assembly is not in session and cannot be convened. In such cases the National Assembly is convened immediately to pass on the resolution;

13. Appoint and relieve of position, on the suggestion of the Council of Ministers, diplomatic and consular representatives of the Bulgarian People's Republic;

14. Accept letters of accreditation and recall of foreign diplomatic representatives in the country;

15. Ratify and denounce international treaties in the cases stipulated by law and conclude international treaties;

16. Award honorary titles and orders and medals;

17. Exercise the right to pardon;

18. Cancel uncollectable debts to the state;

19. Grant the right to asylum.

(2) The president of the Republic promulgates Ukases and resolutions which are not in the nature of laws in the course of implementing his prerogatives.

Article 93. (1) The vice president of the Republic will be elected in accordance with the procedure and the conditions stipulated for the president of the Republic. He may be reelected for one more term only. No third term is allowed.

(2) The vice president of the Republic will assist the president of the Republic in his activities. He may not perform other managing state, political, public, and economic functions and be a people's representative.

(3) The president of the Republic may assign to the vice president the exercise of some of his own functions.

Article 94. The president of the Republic and the vice president will swear the following oath to the National Assembly:

"I swear in the name of the Bulgarian People's Republic to observe accurately the Constitution and the laws of

the country and be guided in all my actions by the interests of the people. I have sworn."

Article 95. (1) The plenary powers of the president of the Republic and the vice president may be terminated ahead of time by decision of the National Assembly should they violate the Constitution or their sworn oath. Such a resolution must be passed by secret vote and a majority of more than two-thirds of the people's representatives.

(2) The president of the Republic and the vice president may not be detained and no criminal prosecution may be instigated against them except by decision of the National Assembly, passed by secret vote and a majority of more than two-thirds of the people's representatives.

Article 96. (1) The vice president of the Republic will exercise the functions of president of the Republic in the case of the latter's death or termination of plenary powers, until a new president has been elected, as well as in the case of the president's absence from the country or inability to perform his duties because of grave illness.

(2) The chairman of the National Assembly will assume the functions of president of the Republic should, for the reasons stipulated in paragraph 1, the vice president be unable to exercise them.

36. The following amendments shall be made in Article 101:

—1. Paragraph 2 is deleted.

—2. Paragraph 3 becomes paragraph 2.

37. In Article 103, item 16, the words "State Council" are replaced by the words "National Assembly."

38. The following amendments are made in Article 125:

—1. In paragraph 1 the words "socialist ownership" are replaced by the word "ownership." The words "socialist organizations" are replaced by "economic and public organizations and associations."

—2. In paragraph 2 the words "socialist legality" are replaced by "legality."

39. In Article 132, paragraph 3, the words "and between sessions—to the State Council" are deleted.

40. In Article 134, paragraph 3, the words "and between sessions—to the State Council" are deleted.

41. In Article 80, paragraph 1; 84, paragraph 1; 88, 102, paragraphs 1 and 3; Article 103, item 13; Article 106 and Article 143, paragraph 1, the words "State Council" are replaced by "the President of the Republic."

#### Provisional Stipulations

42. Inasmuch as they have not been granted by virtue of this law to the president of the Republic, the functions of the State Council will be exercised by the National Assembly.

43. The State Council of the Bulgarian People's Republic will exercise its prerogatives until the National Assembly has elected a president of the Republic and a vice president.

44. The stipulations of items 34 and 36 will not apply until the next National Assembly has been elected.

22 January 1990 (BTA)

(Published in DV, No. 39, 1971. Amended, No. 6, 1990).

#### New Government Announces Economic Priorities, Policies

90BA0049A Sofia DURZHAVEN VESTNIK  
in Bulgarian 16 Feb 90 pp 3-5

[Text]

#### Government Declaration

Comrade people's representatives:

The new government of the Bulgarian People's Republic, the heading of which you have entrusted to me, is assuming its functions at a very difficult time for the country. We are in a state of multidimensional crisis—economic, political, ideological, and moral. This is also a measure of the trust of the people in the basic institutions which have governed it so far.

Against this background, and without underestimating any one of the numerous functions and tasks of the government, we believe that within the framework of its mandate, it must focus its efforts on the following three priority areas:

First. Formulation and execution of an anticrisis program, combined with efficient social protection measures, which will be submitted to the National Assembly to be discussed in its next session. In this case we consider the anticrisis program essentially as the first stage and a necessary prerequisite in the implementation of a radical economic reform, about which as well we shall be ready to submit our essential views to the National Assembly.

Second. The implementation of the obligations of the government, related to the preparation and holding of the forthcoming parliamentary elections and, especially, accelerating the drafting of the new electoral law, the law on the parties, and the law on the press, as well as the measures which, I hope, will be supported by the entire society, aimed at ensuring law and order before ensuring the elections themselves.

Third. Preserving the trust of foreign partners and creditors in Bulgaria as an economic partner. Their support

and cooperation are among the important prerequisites for preserving economic stability and social tranquillity and the successful development of the process of democratization in all social areas.

Unquestionably, the most important task of the moment is to harness all potential possibilities and reserves of the economy and the efforts of our people to surmount the negative trends in our economic life, to prevent a drastic lowering of the living standard of the people, and to create initial prerequisites for resolving the crisis.

Without listing all of them, let me mention, in this connection, the following urgent measures:

1. Taking decisive and uncompromising steps leading to the financial recovery of the economy, above all by reducing budget expenditures.
2. Limiting the further worsening of condition on the domestic market and ensuring the relative stabilization of the living standard of the population. The government will make special efforts to protect the socially underprivileged population strata and groups.
3. The continuing negative trends in the area of the balance of payments faces us with the inevitable task of increasing exports and sensibly controlling import expenditures. This cannot be achieved with the present administrative-coercive means. We need an essentially new system of economic incentives and restrictions, which we shall present as part of the anticrisis program.
4. We clearly realize that the national wealth cannot be created with restrictions. We must, as of now, when we are taking the first serious steps radically to change the economic system, give priority to all steps which will encourage economic initiative and enterprise and ensure proper wages for invested labor and intellect.

Without going into details, let us stress at this point the need for daring deregulation of economic activities and eliminating the absurd system of rules and paragraphs which paralyze live thinking and economic creativity. To this effect, in the next few days we shall set up a central commission and commissions by ministry and people's council which, within a short time, will revoke all unnecessary rules remaining from the command-administrative period.

It would be suitable, despite budgetary difficulties, to try to ease the tax burden of companies and other enterprises and grant them some specific tax and credit facilities. We must particularly strongly encourage the production of goods and services for the population and for export, paid in convertible currency.

5. A great deal of pressing social problems have accumulated in the country, and it would be thoughtless on the part of the government to promise their resolution in a few months. Nonetheless, within the country's present possibilities, we shall direct the attention and resources to the most critical sectors, such as health care, housing

construction, care for the socially underprivileged, accelerated resolution of some of the gravest ecological problems, etc.

As we pointed out, we consider the anticrisis program also a stage of the radical economic reform. Without discussing at this point this major topic, let me note that the government is firmly convinced of the need to undertake an overall reform of the country's economic life, based on the principles of a market economy. This is not to say that we underestimate the possibility of state control, to the extent to which it is done through economic means and does not conflict with the logic of the market and the basic principles of the reform.

The experience of other countries indicates that the objectively required conversion to a market economy is not a painless process. It has its social price. The task of the present and the future governments will be to apply a system of social protection steps, which would reduce to a minimum temporary adverse social consequences, without violating the principle of maximal compensation of lower income social groups.

A central problem of the radical economic reform will be the unquestionable and categorical observance of the principle of equality of forms of ownership and management.

The government will encourage and assist the development of all forms of ownership in the course of the implementation of economic activities, such as state, municipal, cooperative, of the public organizations, private, and joint-stock, with or without foreign participation.

The focal point of the economic reform is the producer, with his rights, interests, and social responsibilities. In this connection, we shall seek the most suitable means of further combining high level discipline, efficiency, and competitiveness of Bulgarian enterprises with the development of production self management. In this connection, I would like to discuss a problem which may seem different but which, in my view, today becomes particularly relevant. I am speaking of the status of the manager in the economic management system. We shall have no opportunity to achieve progress without authoritative and competent economic managers, open to new developments and the realities of the world market, people capable of resolving the exceptionally difficult problems of our daily economic life. That is why, along with justified criticism of some discredited cadres, who have alienated themselves from labor collectives, we must do everything possible to preserve the prestige and freedom of action of the true managers. To this effect we intend, together with the trade union organizations, to submit at the next session some necessary amendments to the Labor Code.

Let me especially note problems of agriculture and agrarian relations. The reason is not only because we are on the threshold of the new agricultural campaign but also because it is the belief of the entire society that it is

precisely there that today the most significant and quickest results may be achieved in stabilizing the domestic market and increasing export potential. We shall do everything possible to support agricultural producers, both cooperative and individual, with a view to achieving the maximally possible increase in output this very year. We shall follow a consistent line of encouraging all forms of economic management. The main criterion in defining our attitude toward the various forms of ownership and management will not be an ideological stereotype but the extent to which the respective form makes possible the full utilization of the possibilities of the Bulgarian land and maximal production with minimal costs. To help the individual producers, we intend to take steps leading to the creation of a specialized agricultural bank and to introduce a system of tax and credit facilities and encourage a number of specific production initiatives aimed at solving urgent problems, such as availability of equipment, fertilizer, preparations, and other necessary resources. We shall decisively break down the current ossified purchasing system, by offering the producer the possibility of choosing the channels for marketing his produce. In this respect the revived Bulgarian cooperative could play a major role.

Comrade people's representatives:

The forthcoming elections are an event of exceptional political significance for all of us, and a decisive step in the restoration of people's sovereignty and assertion of parliamentary democracy in Bulgaria. We want the forthcoming elections to be a manifestation of national responsibility and universal interest in the democratic renovation of society, for which reason we must rely on the healthy democratic traditions of the Bulgarian state and, with joint efforts, block the path of political mores which in the past caused so many misfortunes and evils to our country. We shall do everything which depends on the government for relations and competition among political parties and forces to take place through cultural and civilized means.

In this connection, all parties and forces in Bulgaria, including the opposition, can rely on the objective and impartial attitude on the part of the government. In turn, we hope that any constructive suggestion and action on the part of the state authorities will meet with broad public support.

To this effect, once again we would like to confirm the readiness of the government to interact with the national roundtable to ensure reaching the necessary social agreement on important decisions and steps which the government is to take.

As we pointed out, the adoption of an electoral law, a law on political parties, and a law on the press will be of particular importance for the successful and democratic holding of elections. We shall do what is necessary so that, together with the commissions of the National Assembly, we can hasten preparations for the discussion

of these laws at the next parliamentary session. Ensuring the real independence and proper functioning of the judicial system will be of great importance in the normal development of the elections.

In our preparations for the elections, we shall be guided by above-party interests. We shall do everything within the range of constitutional obligations of the government so that the electoral campaign and the elections themselves may be held in an atmosphere of tranquillity and order.

We hope that such a position will be supported by all sociopolitical forces interested in holding truly democratic elections.

Respected people's representatives:

The events of 10 November and the subsequent steps taken toward the democratization and renovation of society took our country out of international isolation. This gives us the opportunity to rely on the understanding and support of the international community and our friends and partners, in order to facilitate the resolution of the difficult problems which we are facing. We can boldly say that today international activities are assuming exceptionally great practical significance for our nation.

In this connection, we must clearly realize that our international positions will be the more favorable the more we assert through national efforts the reputation and idea of Bulgaria as a reliable partner and as a politically and socially stable country.

Under the new international circumstances as well, we ascribe due significance to our ties and cooperation within the Warsaw Pact and CEMA. We legitimately relate to our participation in these organizations and our ties of alliance and partnership with the Soviet Union our economic future and the guarantee of national security and territorial integrity of the Bulgarian state.

Today Bulgaria's prompt involvement with the processes which will shape the future united Europe assume a new significance to our country.

In this connection, the process of gradual shaping of a single European economic area, intensification of the European economic integration throughout the entire continent, and surmounting the barriers among the different governmental economic groups in Europe become particularly important to our national economy. We note with interest the idea of associating the Eastern European countries to the European Economic Community and intend to study this idea closely.

In our international relations we shall be guided by the principle of adopting all that is useful and valuable, created by contemporary civilization, regardless of its origins and without any ideological prejudices whatsoever.



The integration of our economy with that of the rest of the world requires Bulgaria's full participation in multi-lateral control over international economic life. That is why we should make greater efforts for Bulgaria to join the General Agreement on Tariffs and Trade (GATT) and, in the immediate future, take steps to join the International Monetary Fund and the World Bank for Reconstruction and Development.

Let us especially note that Bulgaria will continue accurately to implement its international obligations. At the same time, we hope to meet with understanding on the part of our creditors, the governments of the developed Western countries, and the international trade and monetary organizations, and we hope to benefit from any possible facilities which are so greatly necessary to any country engaged in a complex conversion from centralized planning to a market economy.

In the future as well we shall continue to show special concern for the development of good neighborly relations and cooperation with all Balkan countries. Today opportunities exist for relations among the Balkan states to develop in accordance with the general positive trends which are so radically changing the situation on our continent. Bulgaria will do everything possible to ensure the consolidation of this process.

Allow me, in this declaration, not to discuss the other important areas of national life, particularly education, culture, and scientific and technical creativity. Let me merely note that we shall try, within the short time at our disposal, to take real steps leading to the emancipation of the spiritual life of the nation, relieving it from the numerous accretions of the authoritarian regime and to establish an atmosphere of true creative freedom and competition among ideas, talents, and capabilities.

Finally, let us note that the government has no intention of making illusory promises to you and to the public at large. We realize the difficulty of the problems and the time needed to surmount the crisis in our society. We shall make honest and energetic efforts to achieve real changes for the better. To this effect, however, we shall need the firm support of the entire society, of all socio-political forces.

It is hardly necessary to prove that the steps to surmount the crisis, which will be taken by the present and future governments, can yield results only under the conditions of economic stability and civil peace. We need the unity of the nation, a firm foundation for which, in our view, is the declaration on the national problem, which was passed by the National Assembly.

On behalf of the government, I would like to address an urgent appeal to all labor collectives to refrain from actions which, considering the current state and possibilities of the economy, could only worsen the crisis and face us with the prospect of economic dislocation, with all entailing social and political consequences. May the feeling of responsibility and concern for our common

Bulgarian home prevail over emotions. We need more patience, common sense, and tolerance.

The present declaration was made to the National Assembly at its 14th session, fifth sitting, held on 8 February 1990.

#### **SDS Election Platform Published**

90BA0088A Sofia DEMOCRATSIYA in Bulgarian  
28 Apr, 4 May 90

[SDS preelection platform: "45 Years Are Enough; Union of Democratic Forces; Time Is Ours"]

[28 Apr pp 3-6]

[Text] The SDS means Union of Democratic Forces. We are for democracy. Democracy for the person and the citizen. Democracy without adjectives. Democracy which has transformed many countries into rich and well-run states. We could even wish to become part of that Europe, which by applying the principles of democracy over the last two centuries has accomplished the greatest progress in the history of human civilization. We want an independent, democratic, and prosperous Bulgaria!

The Union of Democratic Forces emerged from the struggle for democracy. The political parties and community organizations united within it are inspired by the idea of eliminating, once and for all, the antihuman totalitarian system and effecting a peaceful and civilized transition toward the democratic structure of our country. We are heirs to the democratic traditions of the Bulgarian National Revival, to the political and cultural accomplishments, and to the ideals of the builders of a new Bulgaria after the Liberation. All this, which was denied and brutally crushed during the years of Communist dictatorship, is ours and we will revive it.

We inherit the legacy of the thousands of martyrs who have passed through the dictatorship's prisons, who have either died or survived the horrors of the camps, who have disappeared without trace or have been harassed for life because of their devotion to democracy. Among us are all repressed political activists, as well as all individuals who started the fight to eliminate Communist totalitarianism before as well as after November 10, 1989.

The ruling Communist Party (BSP [Bulgarian Socialist Party]), as an organization contains ideological overburdening, moral corruption, administrative cynicism, criminal nature, and is historically doomed. We understand, that every one of us who has not risked his freedom, health, and life for a democratic Bulgaria has been politically and spiritually incomplete. Let each and every one of us develop his character to the fullest through the fight for democracy. The Bulgarian people already have a historical chance to enter along with the other people from the former "Socialist Camp" into the common European home.

Over a few months, the SDS has become a powerful opposition coalition, and has acquired a sense of state organization and national responsibility. The SDS has persistently, consistently, and befittingly defended democratic values and has changed the political climate. The SDS imposed the elimination of some shameful texts from the existing constitution. Agreements have been signed. New laws have been enacted. The road toward free elections for a Great National Assembly has been opened.

We propose a work program which all of us will start together on the very next day after we win the elections. We are convinced that if we create conditions for the development of democracy, our country will emerge from the crisis and will become a civilized and rich state.

### **The Crisis of Communism and the Democratic Solution**

The totalitarian Communist regime has led our society into general crisis. Under the form of "progressive ideas" and "socialist revolution," the despotic rule of the Communist Party, hostile to our democratic traditions, was thrust upon us with foreign "aid." A repressive society of centralized state economy and single party monopoly of government emerged. Repressions were justified with "class struggle," "legacy of the past," and with the "industrialization" of Bulgaria. This model for social development turned out to be ineffective and immoral. The price which we are paying and are about to pay for this utopian experiment is high. The party-organized state was built on the ruling monopoly of a political oligarchy of few who were served by such subordinate and nondescript organizations as OF [Fatherland Front], BPS [Union of Bulgarian Pioneers], DKMS [Dimitrov Communist Youth Union] and so on. The nomenclature was oppressive to the professionals' competence, and to the citizens' initiative and responsibility. Replacing competition among individuals with Communist personnel policy led to dictatorship, not of the proletariat, but of mediocrity. Those who succeeded in life were those who gave the least to society.

The idea of equality was in practice brought down to equality of poverty and ignorance. Actually, we were all similarly unequal with respect to nomenclature. Producers became the enslaved hired workforce of the state. The lack of freedom led to lack of responsibility; the relationship between incentive and work, and between efforts and results was lost.

We were witnesses to the worst type of exploitation and oppression by a monopolist state.

The crisis in Bulgaria is part of the "Eastern Socialism" crisis imposed on some countries as a result of postwar world division. Today we are witnesses to a new Europe facing a peaceful future. We are witnesses to a strong desire for a meeting, a cultural, political, economic meeting between East and West on our continent. This is what we understand by Common European home. The general crisis in Bulgaria after November 10 continues. It is due to resisting the totalitarian nomenclature.

A decisive and total change is necessary! Guarantees for its irreversibility are necessary! A new policy is being developed with new organizations and liberated minds. The Union of Democratic Forces, which unites within itself parties and movements of different political orientations, is in its very essence a democratic coalition. The SDS accepts all who sincerely seek a solution to the crisis. It unites all political forces in the country, including some members of the Communist (Socialist) Party with spotless reputations. The SDS has forced even the ruling Communist Party to implement some changes, but they are greatly unsatisfactory. Only the SDS can remove the Communist Party's political and ideological monopoly in all spheres of society by establishing conditions for the development of democracy.

The Communist Party apparatus must be totally separated from the state in the financial, personnel, and structural sense. At this time, the state is not a general national institution above the party. To accomplish this, political as well as economic prerequisites such as a market economy, independent producers, civil institutions, and so on are needed.

We are for true separation of the three state powers: executive, legislative, and judicial. They must check and balance each other. This would guarantee that none would be able to seize power or exceed its rights and authorities with respect to the others.

We support full depolitization of the Army, militia, courts and prosecutor's office. They must be staffed not on the basis of social background or party membership, but only according to individual work, intellectual, and moral qualities.

We are for independence of the national mass communications media (television, radio, BTA [Bulgarian Telegraph Agency]), which must be responsible only to the National Assembly.

A stable state is built on a varied civil society. This is why the state should intervene in government only where the people cannot govern themselves without the state. The distribution of government powers must be based on a strong civil authority: free access to information, widespread publicity, freedom of initiatives and movements, effective public opinion, and policy relevant to everyday life.

Socialism was an imaginary society. We are for a natural society where life itself would show what kind of movements and organizations the citizens need. This is why we do not support the "dismantling" of any government organization. But we support such a society in which life itself would decide which one is needed and which one is not.

The SDS strategy is oriented toward public discussion of society's fundamental problems, and toward accomplishing a national consensus regarding fundamental democratic values. This is why we were the initiators of the national round table and have confirmed through our

activities the use of legal and civilized means for waging political battles. Every act of coercion, intimidation, repression, getting even, or political revenge is intolerable for us and will be a blow to the SDS's ideas and goals and a blow to democracy.

The new leadership of the Communist (Socialist) Party has come a long way from coercion to learning, adapting, and finally copying the opposition's ideas. We recognize the merit of the few Communists who carried out the first act of change. At the same time, it must be emphasized, that the Communist Party did not change by its own free will, but under the pressure of the revolutionary and democratic processes all over East Europe, because of economic necessity, and under the pressure of the new opposition forces in our country.

Today this party is shouting the slogan for democracy, market economy, and humane society; it is promising to unite with European civilization. These promises are neither the first, nor the last in the long history of Communist government monopoly. The program for "democratic socialism" of the BCP (BSP) is only the latest attempt to subject Bulgarian society to the next experiment in row after those of "socialism under construction," "victorious socialism," "mature socialism," "real socialism." But today, the clearer it is to us what democracy is, the more unclear it is to us what socialism is. The Communists' latest slogan serves only the interest of the political oligarchy and nomenclature who desperately try to retain their power. But 45 years are enough! Under democracy, there is room for all kinds of ideas, including socialist ones, while under socialism there was no room for any other ideas, not even democratic ones. Time is ours, because we declare ourselves decisively and without reservations for democracy. And the future belongs to democracy! Look at the world!

#### **The Transition Toward Democracy Will Only Be Peaceful**

Lasting democracy can be achieved only through peaceful means. The first free elections are the first historical chance in decades for social problems to be solved in a way that is not imposed. It is better to have intense preelection and parliamentary fights than political coercion and intimidation. The inhumanity of social relationships was covered up for decades by accusing the "bad people:" starting with "the saboteurs, spies, snobs, rotten intellectuals, kulaks, philistines, bureaucrats" and ending up with "traitors, apostates and extremists, hawks, vultures." The primitive Bolshevik way of thinking divided and is dividing people into good and bad, progressive and conservative, revolutionaries and counterrevolutionaries. It was not understood that it was not the people, but the relationships in which they were placed that were bad. The enemy's image was constantly upheld and as a result of this, some social groups and individuals, some political and ethnic minorities were mentally and even physically mistreated and eliminated.

The truth about the trials, camps, and mass graves is just now beginning to emerge. This truth is horrible, even unbearable. But our answer can be only one: social and national reconciliation! No more camps! No more coercion! No more "class struggle!" No more revolution as the "midwife" of "objective historical necessity!" No more lawlessness!

The SDS is against all types of political, social, ethnic, and religious discrimination. It is for pluralism of interests, for dialogue, compromise, and agreement in the name national and common human values. There is room in public life for every political force.

There are some common human values and national interests which are above the party, and therefore above us, as well as above the political opponents. The road toward reconciliation is that of negotiations, of channeling conflicts, and standing by the fundamentals of democracy. We respect our political opponents and recognize their right not to be like us, and we expect the same of them. Like them, we also must learn the art of compromise, however compromise with a totalitarian political force such as the BCP (BSP) can be accepted only as far as it understands its historical fate and does not violate the laws of the country.

The change which is taking place in our country cannot be defined using ideological cliches such as: transition toward "capitalism" or toward "socialism." It runs much deeper. We are continuing today the interrupted process of civilization and restoration of Bulgarian history's disrupted rhythm.

Making peace is the only other way to say this. From permanent civil war toward eternal civil peace!

#### **Free Individuals in a Free Society**

A free society is formed by free individuals. Our only criterion for freedom of society and the country is the freedom level of the individual citizen.

Human dignity is holy and nothing can justify its violation. Interference by the state in the personal lives of citizens is permissible only in cases specifically defined by the Constitution. Human rights to us are equally intrinsic for every individual. Democratization to us is not "giving," but rather restoring lawful rights. We will not permit the defense of the state's interests and public order to be accomplished through existing law formulations which have transformed individual freedom into something entirely dependent on the benevolence of those in power.

All of us form the state. In the past, the party-state apparatus was the true object of power. We must restore sovereignty to the people and leave the state apparatus to be the tool of this singular master. For many years in a row, others decided for us where we would live and work, what names to give our children and how to bring them up, how to organize our private and family lives, what property we could own, how to think and how to act. In

the society, which we want and can build together with you, neither the state, nor any party or organization should be able to violate the individual freedom, independence, and autonomy of each one of us. The state cannot define the goals for which everyone of us aims, our economic, political, and cultural goals. Thus the private goals of the nomenclature were made lawful and legitimate as "society's interests." The legal state must focus its attention only on the general validity of rules according to which everyone can reach his own goals freely. The state's only concern is to ensure equal opportunity for everyone; it is up to each individual as to who, how, and how much advantage to take of these opportunities.

The state can interfere through its legal organization only where a consensus has been reached regarding common wealth. Where there is no consensus, then responsibility rests with the individual. We are for the elimination of all privileges which could transform someone's private interests into "interests of the law." We are for the most minimal interference by the state in public life; we are for simple, understandable, and effective legislature. There cannot be any middlemen between the people and the law that would diminish freedom.

#### **People Do Not Have To Obey Other People, Only the Law**

We support the priority of morals over laws. The state is responsible for us only where we cannot be responsible for ourselves. In a state-run society the law replaces morals, but the more widespread it becomes, the weaker it becomes. Every dictatorship is immoral. It is presented as a power which comes to "elevate fallen morals" but with this, it destroys all morality. Law becomes meaningful only when it is naturally based on the fundamentals of morality. Where morals are strong, the law is strong!

A fundamental principle of the SDS's activities is, and will be, the rights of people and citizens set forth in the General Declaration on Human Rights, the International Pact for Economic, Social, and Cultural Rights, and in other international legal acts. They must be applied directly, according to the priority principle of the ratified international documents with respect to domestic legislation. The SDS accepts the commitment to form specific legal and social mechanisms which would guarantee practical implementation of the citizen's rights and freedoms. In this respect we can count on the developed democratic countries' wealth of experience.

Some of our initiatives will be, for example, the creation of a Constitutional Court, of a civil rights parliamentary defender institute, of an independent administrative justice system with a supreme administrative court, of a legal procedure system of three instances, a court where the jury would be separated while deciding the question of guilt, and so on.

In addition, we support the elimination of special jurisdictions; we are for independent investigations under the supervision of the prosecutor's office; we are for modernization of the Criminal Trial Code, of the Civil Trial Code, the Law on Administrative Violations and Penalties, the Law on Administrative Proceedings, and others.

Up to now, even where rights protected by the law existed, the citizens were often unfamiliar with them and were unable to take advantage of them. This is why we will publicize all active regulatory acts and will draft a special educational and explanatory program.

Civil rights defense is impossible without a high level of legal knowledge. We will inform the citizens of all possibilities to defend their violated rights and will fight for widespread publicity of the legal defense system's activities. We will especially encourage and support independent organizations and community control initiatives over legal defense activities.

Problems of the crisis gave rise to the democratic movement, which was the first to uncover the scope of the crisis and promote ways to overcome it. As a result of this, the SDS is convinced not only that a single party, be it Communist or other, is unable to deal alone with the crisis, but that even a multiparty system is insufficient guarantee for this.

We foresee even the future role of the new social movements and civil initiatives as a way to stimulate public opinion. Parties are only part of a problematic political reality.

We support widespread and true participation of every citizen in the government of the country, in local self-government and in public life. Civil movements and initiatives ensure greater participation of the population in decisionmaking processes and because of this, for us they are an especially important reserve for democracy.

People cannot be politically free unless they are economically strong. For example, only he who is economically independent from the state can exert political influence over it. This is why taking power away from the state is not only a way toward greater economic effectiveness for us, but above all a way to free the individual from the guardianship of the state. When we speak of restructuring public wealth, we have in mind not only better management as a result of anonymous property elimination, but also much needed economic strength on which the citizen can build his dignity. Until now the state was only interested in maintaining an entire nation of socially weak people, to keep them politically dependent on its "public assistance." We will build a society of economically strong individuals in which as few people as possible would need public assistance from the state. Such assistance will then be adequate and effective.

The SDS supports lawful confirmation of all fundamental rights rooted in the European public charter and will work for their practical implementation: the right to work under safe conditions, fair wages, the right for

workers and employers to unionize to protect their social and professional interests, the right to collective bargaining and to strike, special protection for the jobs of young people, women, and people with health problems, the right to professional training and retraining, the formation of a specific measures system for social, legal and economic protection for workers and their families.

Human rights are the basis of a lawful state! Loyal subjects will become citizens! Individual dignity is the yardstick for democracy!

#### **Smaller, but More Effective National Security Institutions**

The security and tranquillity of Bulgarian citizens and the inviolability of our country's borders must be reliably protected. Our position is that the Army must be formed on the principles of increasing professionalism. It is necessary to consider carefully and to introduce paid voluntary service gradually, especially in troops equipped with modern technology. This will lead to a decrease of the required military service term, initially to 18 months and then to 12 months. The alternative civil service term should be equal to military service. Alternative service must be introduced for those whose religious and moral convictions prevent them from bearing arms. It will be in the field of public assistance, it will not be hazardous to health, nor will it offend young people's dignity. Thus, we will make an additional step toward society's domestic tranquillity and will respond to modern requirements for civilized relationship between civil and military duty.

What does a smaller but more efficient Army mean to us? In any case, it does not mean the elimination of regular military service. But it must be problem oriented; professionalism and volunteerism must be stressed; new structures must correspond to the geopolitical situation of our country. The capable and competent must be encouraged and promoted more decisively and earlier, especially young officers, who will improve the aging seniority structure of the senior officer staff. Officers should be permitted to travel freely abroad and there should be social and life insurance for young officers.

Depolitization of the Army means not only its full separation from political structures, for example the separation of the institution of civilian defense minister from that of the high military command, or political institutions from the military. Depolitization also means a farsighted personnel policy which is not tied down to ideological, party, or seniority criteria. Our native land's interests must be above all personal considerations for the Bulgarian officer. The statute, as well as the uniform of the Bulgarian soldier, sergeant, and officer must become the symbol for a dependable defense of national sovereignty.

The MVR [Ministry of Internal Affairs] reorganization must continue. Intelligence and counterintelligence must be removed from its staff and placed in a national security committee under the Council of Ministers. The

Constitution Defense Service must come under the National Assembly, that is, it is to be set apart from the MVR system and the Main Investigative Administration.

A clear and detailed legislative order is necessary which would eliminate the nomenclature joining between militia and political power. Legal limits are necessary for full party impartiality, for adherence to human rights, and obeying the law by the organs for protection of public order.

We will elevate public control over the MVR organs. This must happen through parliamentary, as well as extraparlimentary methods, for example, through citizens' commissions, widespread publicity, press investigations, and so on.

We will eliminate open lists and expensive border equipment, as well as other limitations on issuing passports. We will eliminate the institutions of residency, house register, and all other forms of overt and covert monitoring and territorial binding of the citizens.

Citizens' safety must not work against their freedoms. It must rest on their responsibility for themselves, individual independence, and basic human rights autonomy. The citizens must be protected even from those who protect their freedom.

#### **On the National Issue**

The Union of Democratic Forces will revise in detail the entire existing policy on the national issue, carried out for more than half a century by the BCP, by changing the principles as well as the priorities of this policy.

In this respect, the Union of Democratic Forces:

- Will categorically reject the doctrine of limited sovereignty imposed in the name of the so-called "proletarian internationalism and socialist community" because in practice this is a policy which serves foreign interests and strengthens the international positions of nomenclature. Violation of the national sovereignty of the country cannot be justified with any ideological or political considerations at all.

- Condemns the two attempts of the BCP (BSP) to turn Bulgaria, behind the Bulgarian people's back, into the 16th republic of the Soviet Union, as a typical case of national treason.

We condemn the BCP's (BSP's) practice of subjecting the solution of the national issue to its left wing party, cliquish, and egoistical interests.

This practice started way back at the beginning of the century when the left wing socialists declared themselves against the Balkan people liberation wars during 1912-1913, defining them as unfair and aggressive. Later, on the orders of the Comintern, the doomed-in-advance September insurgency of 1923 was organized and was supposed to disrupt the home front of the October revolution opponents. Again, under its orders during the

twenties [a typographical error starts here] a treason articulated explicitly in a resolution of its Central Committee of [a typographical error ends here: A line of text is missing and has been substituted by a line from further down in the text] people: Thracian, Macedonian, from Dobrudzha, and others which whetted the appetite of Balkan nationalism regarding Bulgarian historical heritage. Then, after 9 September 1944, the party gave in under the pressure of SYuK [Union of Yugoslavian Communists] regarding the Macedonian issue by agreeing to essentially turn over the Pirin Region to Yugoslavia, a treason, articulated explicitly in a resolution by its Central Committee from 1946 on the Macedonian question, according to which Macedonian Bulgarians were forcibly declared Macedonians. Teachers and cultural activists from Yugoslavia were brought to the Pirin Region and the formation of a Macedonian faction in the Great National Assembly was planned. These antinational activities were continued in 1984 when the BCP, to cover up the demographic catastrophe into which it had led the country, decided to carry out one of the most reckless feats in Bulgaria's political history.

The SDS condemns the forced change of names of Bulgarian citizens of Turkish and other ethnic origin, an act which plunged the country into profound economic, political, and moral crisis and even more profound isolation.

The SDS rejects the National Assembly's decision to restore the names of the Moslem population through a legal process instead of accomplishing this through an ordinary administrative process, and views this act as another attempt of Zhivkov's supporters to maintain ethnic unrest in the country in order to serve the preelection left wing party goals.

The SDS condemns the irresponsible and nihilistic attitude toward Bulgarians living abroad, who have left their native land in different times and for different reasons, and especially the compact groups of Bulgarian population banished during the Turkish domination.

Together with this, the Union of Democratic Forces considers that to develop a comprehensive long-term scientific policy on the national issue, which would be based simultaneously on the cultural and historical traditions and values of the Bulgarian people as well as on modern political realities, is unnecessary.

Any long-term national program must follow the premise that in our times, the national issue of the Bulgarian people can be solved only on the basis of radical democratization of the country by: total destruction of all totalitarian structures in the political field and the economy, guaranteeing human rights for all Bulgarian citizens, and our integration with Europe.

The main goals of our present policy must be:

1. To create of a unified national community in the country by ensuring equality under the law regarding the rights and responsibilities of all ethnic groups which form it.

2. To guarantee the inviolability of the country's territorial integrity.

3. To normalize relations with neighboring countries and to solve all national issue disputes through peaceful means according to current legal regulations and generally accepted decisions by international forums.

4. To defend the rights of Bulgarian minorities.

5. Free choice of a name.

6. National consensus regarding the Bulgarian national symbols: flag, seal, national anthem, and Bulgarian as the official language.

7. The right of ethnic groups to use freely their mother's tongue, traditions, and culture. Let us all follow Levski's words: "It will not be so in our Bulgaria, the way it is now under the Turks... All nations will live in it under the same pure and holy laws, the way God meant for man to live. For the Turk, and for the Jew and for others, it will be the same for all, only if they recognize the laws equally with the Bulgarian. This is the way it will be in our Bulgarian land... To everyone his freedom and pure republic."

#### A Dignified Place for Bulgaria in the World

The Communist regime's internal stability was maintained over the last decades by isolating Bulgaria from the outside world. If there are some who now say that Bulgaria must come closer to Europe, we must remind them that once Bulgaria was in Europe.

Our isolation from modern European societies reduced rural public life to the level of provincialism. Borders looked more like fortresses, a quarantine difficult to penetrate by news of the world that is necessary for all. Our contacts with foreigners were consciously restricted even though Bulgaria was declared a tourist country. The "Iron Curtain" was not only a geographic concept, but also a political one. It was lowered in front of every Bulgarian anywhere he had an opportunity to come in contact with the world. During those sad times, when we had to catch up with the West, without knowing where it is, we were led by the doctrine for "peaceful coexistence as a form of class struggle." What it means in practice, is suggested by some dates and names of countries: 1953—German Democratic Republic, 1956—Hungary, 1968—Czechoslovakia, 1980—Poland. Another "leading principle" was socialist internationalism. Excluding its ideological overburdening whose bottom line was to bring us to the point where our foreign policy would be singularly subordinate to "Big Brother," this "internationalism" had a very selective behavior. On one hand, it consisted of congress tourism for part of the nomenclature, and of demonstrations to show "friendship and cooperation," of receptions with fancy dinners and

wasteful parades, celebrations, and congresses. On the other hand, it was expressed through secret deals, such as export of arms and ammunition, which were truly profitable for us, but spread death and destruction in the world because not infrequently they fell into the hands of criminals.

We support moral policy. Democratization of foreign policy means above all, encouragement and support for democratic processes in the world.

We need to review our foreign policy reference points. Bulgaria should not support the last despotic regimes left in the world, neither for ideological, nor financial reasons.

We support a foreign policy directed toward full integration with European economic, financial, political, and other structures. In this respect, the SDS welcomes the unification of the two German states and sincerely hopes that this will be an example and stimulus for future unification of all European nations.

We support the immediate elimination of all restrictions which separate Bulgarians from the world, and the elimination of all passport, visa, and financial restrictions on travel.

Until now foreign policy with respect to diplomatic service was a monopoly of the nomenclature. "Ties among nations" were encouraged in various official forums, where in fact, nations were divided by wire fences, double walls, and automatic weapons. For us foreign policy must be based: first on professional diplomacy which must be free from the influence of political partisanship, and second, on "people's diplomacy" which means greatly facilitating and purposefully encouraging business, personal, and political contacts among ordinary people from all countries.

During the last few decades the tendencies in our diplomacy were exactly the opposite of these two requirements. On one hand, professionalism was destroyed because diplomatic service was seen as "a corner for punishment" for offenders or those who lost in the game of the nomenclature. The nomenclature punished "its own people" by sending them as ambassadors to some foreign countries and thus bribed them into silence. This way a number of people ruined the country first from the inside, and then from the outside. This increased Bulgaria's isolation even more, because these ambassadors' incompetence prevented the improvement of relations and undermined our native land's reputation in the eyes of the world.

On the other hand, foreign policy was not subjected to any control. Not only was there no control "from below," on public terms, but parliament did not play any role either. For example, for a long time the work of the Commission on Foreign Policy under the National Assembly consisted of an empty ritual of reading reports.

We must mention the deplorable condition of our cultural centers around the world. So far we have not had a

competent policy on our cultural presence in the developed, as well as in countries less developed than ours. These cultural centers, which frequently exhibited only Todor Zhivkov's works, pyrography decorated plates, and vials for rose attar, did not represent the best of our culture.

This condition of the centers is due to the unfortunate coincidence of two situations related to the so-called "residuals principle:" foreign policy residuals and national culture residuals according to the nomenclature's goals and values.

The SDS supports effective parliamentary control of foreign policy. We support full opening of the country to Europe and the world. We support increasing relations with Greece, Rumania, Yugoslavia, and Albania, and normalizing and improving relations with Turkey.

We support simultaneous dissolution of the Warsaw Pact and NATO when the conditions necessary for this are established. Until then Bulgaria will carry out its member duties with a sense of responsibility, but will also work toward the accelerated elimination of the two confronting groups. Our country must participate actively in the formation of Common European security systems and mechanisms as a fundamental guarantee for the territorial integrity, peace, and stability of the Balkans and Europe.

We support reevaluation of Bulgaria's participation in CEMA [Council for Economic Mutual Assistance] because of the obvious ineffective nature of this organization. At the same time, we must act persistently and relentlessly to unite ourselves with world and especially European economic, commercial, and political organizations.

We will activate Bulgaria's participation in the United Nations and other international organizations by paying special attention to human rights issues, disarmament, democratization of international life, and environmental protection. Realism in the foreign policy of a country is a function of its total democratic existence. Fair, open, and mutually beneficial cooperation with other countries is possible only as a democratically controlled activity by professionals, parliamentarians, and citizens!

#### **Economic Decline as the Inevitable Result From BCP Rule**

An inseparable part of the continuing agony of integral public life is the economic catastrophe toward which the country was unrelentingly going. In addition to its purely economic aspects, the crisis is characterized by the disappearance of some of Bulgarian people's most valuable qualities such as industriousness, enterprise, fairness, trust in people, and the appearance of irresponsibility and apathy toward work, and a decrease in the nation's human potential itself.

Reasons for the crisis are not the so-called "deformations" of socialism. Quite the opposite, they are "normal consequences of defects in a society, based on political and economic power seized by one party penetrating totally all forms and principles of economic organization and on the transformation of working people into servants of this party's apparatus.

The deepening of the economic crisis and complications of the social economic and cultural development categorically demonstrate the inability of the ruling class to deal with the situation and to find remedial solution. This is why it is historically doomed!

We blame the Communist Party for irresponsibly squandering the unique historical opportunity Bulgaria had after the war to overcome its underdevelopment by using a democratic development model. This sad fact is emphasized by the example of so many other countries which started from a similar level, but which have long ago become full members of the world community with high living standards.

What was done in our country?

Instead of effective national resources mobilization there was excessive concentration of industry in the hands of the state; it became a depersonalized and state-run economy.

Instead of integration with the world economy, there was self-isolation and elimination of progressive tendencies in the international labor divisions; we got tied down with similar totalitarian structures.

Excessive centralization, merging and identifying the state with the economy extinguished the spark of economic initiative and destroyed the logic of economic reality. The "plan" covered up the power of a political establishment ready to sacrifice at any time the social gains, well-being, even the future of our children, destined to pay foreign debts in the name of megalomaniacal ambitions. It is a historically proven truth, that a society whose fate depends on the uncontrolled role of a few people has no future. The revival of economic traditions in Bulgaria is now imperative! But it cannot happen without a change in attitude regarding property.

In place of state policy favoring specialized departments, which never learned to exist without subsidies anyway, there must be those small and medium businesses, those enterprising and creative individuals who once freed from the economic bureaucracy, will be able to find their place in the national and world economy by themselves. They alone will decide on their "priorities," and will deal effectively with their own resources. They do not need supervision, but rather sensible regulation, and logical macroeconomic policy.

#### **Market Economy Against the "Democratic Socialism" Utopia**

Today we need new eyes, we must take a new look both at the past and the future. He who does not want to admit

this, will, as in the past seek salvation in the magical formulas of the following incantations: "democratic socialism," "social justice..." And again, there is not even a trace of critical, and let us not even mention self-critical, analysis. The same people in the same manner of trial and error want to get the country out of the crisis... So now we say: End the promises; end the experiments! There is a solution to the crisis. But first, those who caused it must leave and take full responsibility for causing it. This also would be an act of social justice.

Society and the economy must be managed by true professionals, people with high education level, who are highly competent, who have high civic morals and conscience, regardless of their political convictions. The SDS will take special care of the training and activities of our economic administrators who are called to lead our country out of the ruin caused by incompetent nomenclature. This is why we will guarantee their independence from political and state structures, their freedom in decisionmaking, risk taking, maneuverability, and flexibility in their direct work.

Solution to the crisis requires quick and comprehensive transition without alternatives toward a market economy. Under the pressure of the situation, the BSP is also forced to speak using market economy and radical economic reform terminology. But they are organically foreign to the ideology, way of thinking, and psychology of the ruling establishment. This is why we must seriously question everything the BSP and the government now bring forth as an alternative to the opposing democratic forces. For them, economic reforms carry the technical nature of ways to retain their power over society.

Radical economic reform and the transition toward a market economy are organically identical precisely for the SDS, its social, political, and economic interests and goals. For it, property pluralism does not only make economic sense, but is also a fundamental factor of social and political democracy. Market freedom and economic behavior are an inseparable part of people's political and civil freedom.

Society does not need imaginary models according to which to "build itself." We propose principles and directions for the functioning of the economy which will give space for expression for those who are professional, innovative, diligent, and will protect the socially weak. We propose a modern market economy, not capitalism from the last century. We strive for a civilized market economy which contains reliable mechanisms, tested in the developed countries, for preventing expressions of greedy exploitation and robbery.

The transition toward market principles and functioning of economic life creates a new quality medium for macroeconomic regulation. Instead of administering we will have state regulation.



On one hand, the state deprived of its existing possibilities for daily administrative interference in the economy will direct itself toward solving strategic economic growth problems. The structural, industrial, and scientific-technical policy, as well as long-term social programs, foreign economic and regional policy, and others will serve these goals.

On the other hand, the emphasis will be transferred on indirect regulation methods through money, credit, and tax policy.

We do not overlook the material resources created by the national economy during the last 45 years. They were accumulated with people's hard work and sweat. We want to preserve it and multiply it by creating the appropriate conditions for this goal!

#### **"No" to Apparatus Property**

To us the property issue is an issue which is found at the basis of economic democracy. The right to own property is a universal human right.

We are for true, guaranteed by the constitution and law, equality of the right to private, municipal, and state property and their producer organizations such as cooperative, joint stock, institutional, foreign, mixed, public organizations, and others.

But this is not enough. Because of the crushing domination of state property we need, especially now in the transition period, some definite limits, support, protection, and help for private property!

The proportions among the different types of property in a democratic society establish themselves alone without instructions. It alone fine tunes their interaction.

A modern market is found where there is confrontation of economic interests, means for their regulation, and social protection. All this lays ahead of us and this time it depends on us! we should not be frightened of the emerging variety, of the depth of economic reality, of the possible variations of the socioeconomic evolution. Variety and spontaneity bring new levels of economic freedom, adaptation, and prosperity.

Property is freedom, and above all, it is capital. Labor is a commodity. Capital and labor are the two fundamental factors in production which cannot exist one without the other. Capital has a legal right to income, so that it is maintained, reproduced, and increased. Salaried workers need the same legal limits for the right to work and fair wages.

The economy in our country will develop on the basis of interaction and mutual benefit of the various forms of property. But a market economy cannot function without a significant private sector in the economy. The true power source for the economy is private capital. We are against political demagogism regarding property with which the Communist Party has destroyed and persecuted private initiative for 45 years.

The accelerated development and confirmation of private property is one of the deciding factors to get the country out of the crisis by creating motivation for work, income, initiative, and enterprise. At the same time, the newly created jobs in the private sector will absorb any dismissed work force. This is why we support the creation of a preference system, tax reductions, and incentives for private, small, and newly created businesses.

To deprive the ruling party oligarchy of its power over property depends on the elimination of state monopoly on property. In its present form state property is a material base for the domination of the ruling party apparatus over economic structures of all levels.

True equality for all types of property will remain only wishful thinking if we do not start to transform state property immediately. This is the main problem with radical economic reform.

The main goal is to cut the umbilical cord which joins the ruling establishment with state property. State enterprises must be transformed into economic entities which will carry out their activities according to market principles. This is a way to clean up the decades-old parasitic bureaucratic cast which has enveloped all aspects of our lives and has become an unbearable burden for our weakened economy.

During the initial stage of economic reform, the state sector will predominate out of necessity. Because of this, radical change in the function and regulation mechanism for state property will have deciding importance.

We are for decreasing the amount of state property to economically justified limits. The need for gradual privatization in stages is obvious. It can be started by evaluating and auctioning small and medium size sites and enterprises for light, food and catering industry, and services. With the establishment of other types of property, for which, in the initial stage of total state economy there will be incentives, the accumulated income from private capital will be transformed into potential for further privatization. Attracting foreign capital will play a special role in privatization.

To be successful, privatization will have to be started with profitable enterprises, not enterprises in deficit. It is important that both workers and managers participate in the state property transformation process. We support active inclusion of pension, health care and other funds in property transformation on the joint-stock principle.

We need to tear down monopoly structures where it is technologically and economically possible. The fragmentation of state monopolies into smaller and more flexible production units must be accompanied by a modern system of small business incentives. Demonopolization, deconcentration, and decentralization of state property assume freedom of association and production units separation from monopoly structures, as well as opening of the supply system for materials and equipment, and domestic and foreign trade. True competition, however,

is possible only through close relationship between the domestic and international markets.

total separation of state enterprises signifies radical change in the principles and mechanism of their functioning, that is, placing them under the conditions of sound economic environment by eliminating grants and subsidies, and accustoming them to economically rational behavior compatible with the market.

We support a new approach toward intellectual property which recognizes ownership of the intellectual product and stimulates the naturally innovative Bulgarian mind, which under favorable conditions has demonstrated its capabilities for the highest accomplishments.

We support the return of illegally nationalized cooperative property to its true owners, and for the establishment of conditions to make these cooperatives fully operational in all their forms.

We feel that placing the emphasis mainly on leasing is an erroneous step. It will block future privatization because leasing contracts create relationships which can last for years.

#### **Toward Democratic Agrarian Reform**

Implementing democratic agrarian reform is a fundamental problem of our rural economy. It cannot be implemented if a certain historical injustice is not corrected. The SDS raises the following as reform's founding principles:

The return of land subjected to forced collectivization to its owners or their heirs.

We support the establishment of a market for land. At the same time there must be guarantees against its excessive partitioning.

All interrelationships resulting from these basic principles will be regulated by special law.

Those who so desire, should be able to form agricultural cooperatives. The traditional agrarian cooperative principles will be revived through various forms of cooperation.

Rural economy should be regulated on the principles of the obshtina self-government. State properties within the rural economy should be strictly and specifically defined, and the rights of the owner should be defended above all, in cases of expropriation.

We support strong government aid to the rural economy.

#### **"Money" Should Become Money!**

SDS policy will be directed toward the formation of a modern money and capital market where the value of money and interest rates will be established freely. This will stimulate savings by citizens and companies, it will force them to invest only in profitable ventures and to economize financial resources.

We declare ourselves against monetary exchange as a way to reach balance in the money market. It would destroy a significant part of people's savings.

The first steps will be focused on increasing trust in the lev, preventing growing inflation which would make people's savings dwindle to nothing, and which could create the psychosis of compelling people to spend needlessly all money on hand. The market, together with the lifting of restrictions on buying and selling of business properties, land, housing and so on, will provide the incentive for money to be invested in banks, stocks, and bonds. High level of trust in the lev is the fundamental prerequisite for a true market foreign exchange rate, through which the interests of exporters and importers, foreign investors, and tourists traveling abroad and here, would be balanced. The normal interest rates of this market will protect people's and businesses' bank savings from devaluation.

The BNB [Bulgarian People's Bank] will be separated from the government and will be responsible only to the National Assembly. It will be depoliticized by making it impossible for it to be subjected to the interests of any party or political force.

The BNB will have only issuing functions; it will control our banking system through economic means, and it will take care to maintain a fast and flexible disbursement mechanism. The extremely vicious practice of inflationary financing of the state budget by the central bank will be discontinued. Any possible deficit of the future budget, as well as part of the existing internal debt will be covered by issuing government bonds under market conditions.

A system of strong independent commercial banks which will serve businesses and individuals will be established. The existing system of total administrative "control through the lev" will be eliminated. People will make decisions regarding their own money without restrictions. The distinctions among the various assets of companies will be eliminated. Commercial banks will become a desired and sought after partner for companies and citizens which will increase their interest in economic activities and profits. Incentive credit, such as low interest loans for housing, will be financed by the government or obshtinas, and not by citizens or companies as in the past. The SDS supports the resurrection of cooperative traditions in banking in our country.

A market for securities such as stocks, bonds, and others including documents for company credit will be established. We will move toward the creation of a stock exchange and link it with world capital markets.

#### **From Extravagance Toward a Modern Tax and Budget System**

SDS's policy is deduced from the formulation that transition toward market economy is impossible without detailed tax and budget reform. Centralization and distribution of resources according to budget will be sharply decreased: The existing 85 to 90 per cent from the

national income will be reduced to a maximum of 45 to 50 percent, and even less later on. Subsidies, subventions, grants, and other similar expenditures of the bureaucratic system will be decisively reduced. This process should occur simultaneously with price reform and economic initiative development to avoid social upheavals, but at the same time it should take place sufficiently quickly so that it does not turn into agony.

A number of activities of social character—pensions, health care, unemployment assistance—must be separated from the state budget with the possibility for one-time assistance in the case of need and during the initial formation of the funds.

Economic initiative development is impossible without significant reduction of company profit tax and a new profit distribution plan which would ensure high income level. We aim to introduce a unified proportional tax on profits with the possibility for deductions for newly established private business companies during the transition period, and for carrying out scientific, technological, and investment policy.

Tax on working capital will be replaced by value added tax with low or zero rate for some basic food products according to Western European practices.

The most important role in taxation will be played by a unified progressive personal income tax, collected by filing an income tax return which will ensure a significantly higher level of social justice: Whoever earns more will pay more for all of society. This tax will be determined according to the taxpayer's family situation, while the maximum rate will correspond to the rate for business profits tax.

Financial control will be primarily tax directed, while unnecessary activities will be eliminated. There will be a radical change in accounting to make it more like that practiced in developed countries. This will confirm the freedom for economic initiative and eliminate the possibility for tax irresponsibility.

#### **Market Reform Is the Only Way for Bulgaria To Join the World**

If Bulgaria wants to change, it must find a new place in the international economic relations which have changed long ago. Increase of the national economy's relative competitiveness, achieving balance in trade and payment relations; all these are exceptionally difficult problems which, unless solved, will make market reform itself unthinkable.

Integration with the world economy assumes review of existing foreign economic strategy, unjustifiably directed toward a small group of countries and in "priority" fields. Securing favorable external conditions has long ago become a required condition for the success of economic reform.

The structural adaptation problem for a small open economy contains the following most important elements:

—Joining the basic international institutions regulating trade, exchange, and financial relations: International Monetary Fund, International Bank for Reconstruction and Development, General Agreement on Tariffs and Trade (GATT).

—Consistent cooperation policy with regional integration groups: The crisis in the Council for Economic Mutual Assistance affects our most important trade partners and this is why our country must seek new ways to integrate with these countries. At the same time should increase cooperation, within the appropriate contractual and legal framework, with the European Community and the European Free Trade Association.

—Institutional changes in the country. True elimination of state monopoly in foreign trade and payments is a necessary but insufficient condition for free foreign economic relations. Centralized administration and prohibitions must be replaced with an active system to stimulate and help export; foreign trade management and foreign exchange and credit relations must be carried out using economic means: customs tariffs, real foreign exchange rate, interest rates, and others.

—Producer companies, specialized trade and other intermediary companies will, under the new conditions occupy a central position in Bulgaria's foreign economic strategy. We will not strive toward specialization in fields either chosen at random or imposed from outside, we will rather seek out with flexibility product "niches," the most appropriate markets for Bulgarian exports, and to increase the range of trade policy resources used in the economy.

—Creating an organic link between foreign and domestic markets and between domestic consuming and export (import). Maintaining lively international trade should in no case be done at the expense of the Bulgarian citizen. Only those producers who have proven their abilities by competing should count on incentives.

The transition toward a market economy and actual participation in international economic relations decide an important economic problem. The burden of our debt, low competitiveness and vulnerability of the Bulgarian market make it truly possible for a dependent type of development to be imposed on our country such as the role of a peripheral economy with a highly unfavorable specialization profile with labor-intensive, material and energy-intensive productions intended for international markets saturated long ago. In spite of the difficulty level of the task, the Bulgarian economy must strive at any price to make maximum use of the existing scientific-technical potential, and to retain the ability to develop the most important scientific fields of modern industry: computer and communications equipment, precision

machine building, biotechnology, chemicals produced in small quantities. By taking into account the importance of the rural economy, light and food industry, tourism, and services we must openly state that a return to Bulgarian economic traditions should not mean a discontinuation of contact with the world's technological changes and tendencies.

The SDS supports the creation of a new system of measures to guarantee and stimulate foreign investment, to secure credit for private individuals and companies from foreign banks while observing national interests, social, and ecological standards. The rapid construction of a necessary information infrastructure has great importance in this respect because it will facilitate the activities and private initiative of foreign companies and individuals to a maximum degree.

### How Can We Get Out of the Crisis?

The successful anticrisis program must rest on the following principles: It must be carried out in a decisive and uncompromising manner; there must be continuity among all solutions to problems related to market reform; its implementation must be contemporaneous and comprehensive; the rate of advancement toward reform and market economy must be unremitting; the people must be informed and prepared honestly regarding future problems; there must be advance planning and most precise assessment of the consequences of the various versions.

The dilemma between shock therapy or accelerated transition toward market economy is a false dilemma! It was launched by the BSP to disinform and discredit the only possible radical transition toward market economy. Unwillingness to eliminate the discredited administrative system completely, indecision to implement true market reform, incompetence in formulating a comprehensive and effective anticrisis program are behind the "sensible anticrisis measures" of the BSP. Threatening with chaos, it only shows its inability to master market processes.

The government's anticrisis program and the BSP pre-election platform promise halfway measures, compromising moves, and partial solutions.

The SDS supports a radical transition toward a market economy because:

- Halfway reform is doomed to fail and would condemn the country to economic disaster.
- Indecision and compromising steps lead to agony in the economy. The experience in the USSR and Poland during the eighties has proven this.
- The social price of a slow and painful transition is many times greater than that of one decisive reform.
- Experience from all successful anticrisis programs shows that halfway decisions stimulate inflation and only abrupt and accelerated measures are capable of stopping it.

—Successful solution to the crisis can be accomplished only by monetizing the economy, and this key issue can be settled only with decisive and rapid steps.

—This is the only way to eliminate totalitarianism in the economy categorically and irreversibly, and prevent the possibility of its resurrection under the new economic structures.

The implementation of a radical and successful anticrisis program is possible only with substantial and effective aid from abroad. Only the forces which firmly support private initiative and rapid transition toward a market economy can depend on it. Aid and influx of foreign capital, which should play a substantial role in the stabilization of our economy, cannot be expected if the BSP continues its strong influence in the country. Only the SDS will gain the trust of the world financial community.

With the present government's existing anticrisis program, the BSP has shown that it can propose only measures which will terminally paralyze the economy, preserve existing structures, deform prices even further, maintain the budget deficit and its enormous distribution functions, will undermine trust in the lev, and will nip any capital market in the bud.

The SDS proposes a two-part highly intensive anticrisis program which will start economic reform irreversibly on its way.

1. Preparatory phase, during which the institutions and mechanisms necessary to carry out reform will be formed. The basic measures in this respect are:

- Review the accepted budget and reduce subsidies drastically.
  - Eliminate control on most prices.
  - Separate the BNB [Bulgarian People's Bank] from the government. Separate financing of the budget deficit from the BNB. Initiate reform in the monetary and financial field. Introduce internal convertibility of the lev.
  - Engage the population's extra cash through privatization, sale of government bonds, and higher interest rates on deposits, which will decrease the accumulated enormous potential for inflation.
  - A decisive advancement in tax reform implementation.
  - Demonopolization, especially of the consumer market.
  - Joining international financial organizations and securing foreign economic assistance for future steps.
2. Radical transition toward a market economy and overcoming the economy's initial irregularities. During this period:
- Control on the remainder of prices will be lifted. Excessive price increases will be regulated through monetary policy and by stimulating competition;

- Imports will be liberalized and a uniform customs tariff will be introduced;
- Interest rates will be determined on the market principle;
- Most subsidies will be eliminated and the budget deficit will be sharply reduced.
- The foreign debt will be restructured;
- A market foreign exchange rate will be introduced.

The results of the anticrisis program will be felt soon and in all basic directions of the transition toward market economy. They will be expressed through:

- The appearance of true foreign and domestic competition;
- Private sector activation which will absorb part of the workers who will lose their jobs because of economic restructuring;
- True incentive for export growth and limitation of imports through the foreign exchange rate;
- Establishing prices and incomes on a new balanced level;
- Discontinuing inflationary impulses originating in the budget;
- Energized economy, increase in the supply of products and services. This will ensure an increased tax base and an increased budgetary income;
- Increased trust in the lev and discontinuation of the Bulgarian economy's "dollarization."

BSP'S anticrisis program is based on the utopian idea of market transition using administrative methods.

The SDS'S anticrisis program supports a rapid but inevitable transition toward a market economy. This is not an end in itself, but a required step which will provide the impulse for economic growth based on sound and spontaneous market forces.

The road toward a market economy, economic freedom, and democracy is not going to be carefree and easy at all. All Bulgarian people will have to pay for the burdensome legacy of the Communist regime which has irresponsibly squandered the national wealth and the country's future. The SDS, however, believes in the Bulgarian people, who have over and over again proven their right to exist, and who have come out victorious over every tyranny and injustice.

#### **Democracy + Nature = Ecology**

Socialism is not only imaginary, but also an artificial society. The idea of man's power over nature is only the flip side of the idea for power over man. Man was declared as "the highest goal" and at the same time was used as the cheapest resource! Man was sacrificed in the name of man! Mistaken industrialization transformed

Bulgaria, which was famous for its natural beauty, into one of the most polluted regions in the world!

No one can tell where the dividing line between ecology and democracy is. During the last decades an uncomfortable, unfriendly, and dangerous society was build for people. A society which did not develop according to its natural laws but which has left the mark of ideological fiction on nature. For this reason society's democratization, the return to free expression and tolerant competition between individual and group interests is making society ecologically sound while it is making it more human. Violence against nature is nothing else but violence against the person!

We support a natural attitude toward society and a social attitude toward nature!

It is not by chance that new social movements, which are now part of the SDS, emerged during the last few years to protest the violation of that which is human in nature and the violation of that which is natural in humans. On one hand, they were movements which sounded the alarm against pollution of the environment, and on the other hand: against human rights violations. Before the new concepts for a future democratic society in our country had crystallized, unarmed self-defense of people and nature gave the first impulse toward our liberation.

We will adapt ecological norms to the criteria of the most advanced countries by accepting the strategy to bring to a minimum industrial and urbanization hazards. Every new economic, urbanization or other such project will need competent ecological expertise and community control. Ecological criteria should be at the beginning and the end of every social project.

Energy production plays the greatest role in air pollution. Our program is directed toward the fastest possible reconstruction and toward the installation of new purification equipment in the TET's [Thermoelectric Power Plants]. Regarding energy policy our position is firm. We produce not insufficient, but too much electric energy. For this reason investments, plans, and regulations will be redirected mainly toward decreasing energy use in industry and in homes to save fuel. Using the same amount of energy, we can produce much more and pollute much less. We will change our attitude toward alternative energy sources, some of which are abundant in our country: the sun, geothermal water, wind, biological products, and others. Our energy production, unfortunately, was not spared by the giant-mania of totalitarian thought. The experimental Block 5 of the AETs [Nuclear Power Plant] Kozluduy is only the latest example. Ecological energy production means not only energy production without hazardous end product, but also energy production which takes into consideration the variety of our natural resources.

We will help introduce state-of-the-art technological methods for sulfur oxides and dust capturing and utilization in metallurgy. Our specific goal is to stop using ore with substandard metal content. Steel production will be redirected mainly toward production of high quality types of steel. Highly destructive technologies, for example uranium extraction by introducing sulfuric acid underground and thus devastating underground soil and water, and others, will be subjected to community discussion.

Our goal in the chemical and cement industry is to recycle most of the by-products, and sharply decrease the use of freons and other elements harmful to the atmosphere's ozone layer.

In transportation, we will follow a more effective electrification, affordably priced catalytic conversion devices will be manufactured or imported, underground parking lots will be built, there will be a sharp increase of the number of bicycle paths, and noise abating green belts. We will eliminate the illogical tax on gas devices in private vehicles.

The SDS will stop the hazardous regulation of rivers. We will introduce new flexible standards for the quality of waste water purification. A number of water works systems where a great deal of water is wasted will be urgently reconstructed. We will introduce closed water supply cycle technology.

The diminished "florescence," the aging and death of lakes, dams, and the Black Sea will be the object of special care. Innovative measures in this respect have long been known, but unfortunately they have not been used in our country. With special regard for the Black Sea, we will collaborate with the countries positioned around its basin.

We support a rural economy compatible with nature. We must take advantage of the historical chance of the rural economy's future restructuring, during which we could introduce from the very beginning a new style of ecological land management. We support a sharp increase of government and citizen control over natural and artificial fertilizers, herbicides, and pesticides. The market mechanisms themselves will stimulate the production of ecologically clean agricultural products. The same applies to protection of the population against radioactivity. We have a tragic example of how we should not act when faced with radioactive danger: the case in Chernobyl. We will step up the production of special food for babies and mothers in the cleanest regions of the country. We will invest significantly more funds in measures against soil erosion. We need a new strategy for the conservation of our country's mountains. We will decrease construction on fertile lands in the high mountain levels and will eliminate abuses of the national parks and reservations.

We will increase the number and size of protected territories.

### **From Handouts Toward Care and Social Security**

The market by itself does not secure protection for the socially disadvantaged. This is why an active social policy is necessary. This policy, however is directly dependent on the economic strength of the country. Economic progress is a prerequisite for a successful social policy. The reverse is also true: Implementing social policy without taking into consideration our true capabilities will undermine our economic situation and reform will be doomed.

We follow the principle that the best assistance is the creation of such conditions under which everyone will have the opportunity and prospects to provide for his own existence and his own future, to associate freely with other people and to help his fellow men.

Along with this, society must guarantee a minimum living standard for workers and retired people. In addition to social funds, government, and municipal programs must be developed to assist socially disadvantaged citizens, to encourage increase in the birth rate, and to solve other important problems. Charity organizations will also be active, and the help of private and cooperative foundations will be used.

### **Life and Health Are Not the Privilege of a Few Chosen People**

The health care system in our country as compared to other European countries was condemned to miserable existence, where neither patients nor physicians had any rights. The widely publicized "free" medical care only seemed such. In reality there was a centralized and military-like health care. In all, it was "free" only for a most limited privileged stratum: the lords of the nomenclature, their children, their grandchildren, and their great-grandchildren. Only they had access to high quality medical care, treatment abroad, and effective imported medication.

"Revitalization" of health care will require more than double its part of the national income; there must be priority appropriation of funds instead of using the residual principle as done in the past.

We propose a two-stage health care reform:

1. Decentralization of the existing centralized health care budget to the level of health care collective organizations depending on the population served, and freedom of choice for patients.

Our goal is to ensure free medications for all individuals whose income places them below the poverty level, for pregnant women, and for mothers with children under the age of 16.

2. At the same time we will begin immediately the formation of a health insurance funding system, which will include:

- A required minimum health insurance for all citizens and free medications for the socially disadvantaged (the chronically ill, handicapped, retirees, mothers, and children)

—Required health insurance to be provided by the employer.

—Voluntary additional health insurance by citizens.

The Union of Democratic Forces is reviewing health care efficiency under the conditions of a market economy as a result of:

—Free choice of health facility and physician.

—True economic assessment of the types of activities in health care.

—Pluralism in health care organization (state, company, cooperative, and private establishments, equal before the law).

—Tax deductions for every type of financial aid for health care needs.

We support legislative determination of tax, interest, and tariff incentives for donations made for the health care system.

The society which we seek will be open to charity work and for the establishment of charitable health care facilities.

#### **For a Modern Pension System**

We support separation of pension funds from the state budget and their decentralization. The funds must be organizations by the insured themselves and must be used exclusively in their interest. Their assets will be formed initially with funds from DOO [State Social Insurance], and at the same time share packages will be given to the transformed joint-stock companies. The funds' assets can be invested in stocks, bonds, and other profitable investments to be protected from inflation. Our objective is to establish a pension system which will ensure continuous pension update: If two people who work at the same job retire at different times, they should receive the same pension.

This system will eliminate the present situation in which an enormous part of retirees receive minimal pension, well below the poverty level, while another part are undeservingly privileged.

To increase the size and improvement of the pension insurance structure, the possibility for voluntary determination of insurance premiums must be provided.

#### **Labor Relations in a Market Economy**

Our employment program is not directed toward preserving every job at any price, because this will make it impossible to discontinue inefficient productions and restructure the economy.

We support the formation of a continuous retraining system of the work force according to emerging needs. It

will be formed with the participation of companies, obshtinas, and the state, and will operate under the control of labor unions.

The assets in the fund for unemployment assistance will be collected by the state, obshtinas, companies, and workers. We proceed from the premise that by developing private initiative, by stimulating private property and agrarian reform we will create conditions under which most of those who become unemployed will be able to find new jobs.

We are against fighting inflation only by limiting income and especially by limiting wages. The inevitable consequences of inflation will be compensated by linking the income of the socially disadvantaged, minimum pensions and wages, and part of social assistance with price increases using the appropriate income indexation mechanism.

A cardinal change is necessary with employer-employee interrelationships. labor is a commodity and its remuneration is determined on the basis of a contract. These relationships must be organized through negotiations between them in the order of collective bargaining agreements, and a minimum of normative conditions should be left in the Labor Code and other regulatory acts which will have mainly protective nature. This is the direct result from the fact that workers and employers are not opponents, but rather parties whose interests correspond: increase in production leads to increase in the living standard of every worker.

The law on labor conflicts deals relatively poorly with one very important moment in the presence of an already defined conflict: direct negotiations. This brings matters to a strike rather quickly, which is equally unfavorable for the employer, the workers, and society. For this reason it is necessary to set up an effective negotiations system which will truly make striking a last resort measure in settling labor disputes.

Considering the existing situation, it is necessary to review the entire active normative organization of trade unions. All trade unions must have the right to legislative initiative and the right to participate in the preparation of normative acts related to labor issues, social insurance, and living standards.

Unemployment compensation is now equivalent to a month's salary, after which payment of a progressively decreasing sum over nine months is guaranteed. It would be sensible to increase compensation from enterprises to six months, as it is done now in the developed European countries, and only then should social insurance with its smaller assistance be activated.

#### **A Chance for the Weak and Defenseless**

Our great concern is with the so-called socially disadvantaged, or as said more directly, the most defenseless and thus most neglected and underprivileged category of people under the existing Communist government. We mean the handicapped, chronically ill, those displaced from their jobs, low income elderly, abandoned children and especially those with poor health, and so on. It is the state's responsibility, above all, to pay attention to them, but it is also the responsibility of all of us: of economic

units, independent community organizations, religious institutions, and every full member of our society! A great importance in this respect will be placed on cooperation with religious organizations and communities.

The SDS will establish the necessary prerequisites, conditions, and mechanisms so that this most important social care can be provided in practice. This will be done by setting up a network of contingent funds with wide-spread community participation, through special tax incentives for charity work and donations, and through cooperation and aid from foreign, including specialized, organizations and investors and by establishing lasting mutually beneficial relations with them.

Using economic methods, we will strive to stimulate those entities which provide conditions for abandoned children to be brought up in home-like environment.

The social insurance system is hopelessly out of date and needs urgent renewal. It is necessary to increase the number of insured individuals, types of cases which would be covered, and the amount of compensations paid. An exceptionally important task is to establish an efficiently active social mechanism which would prevent attempts to abuse social insurance funds, and which would guarantee their proper and purposeful use in the future.

#### **For the Women and Children of the Future Democratic Bulgaria**

Bulgarian women are subjected to the most merciless exploitation. The social price of the national economic and moral crisis has fallen on their shoulders with its entire burden. Poverty, lack of housing, low wages, shortage of everything such as goods, services, leisure time, and tolerance, are factors which have long ago exceeded the threshold of the "allowed" exploitation burden of Bulgarian women.

With respect to this, we will pay special attention to and take special care of working women and especially of mothers. We are convinced that bringing up children is a most beneficial social work! For this reason we will implement considerable increase and continuous indexation of child allowances and will grant one day paid leave per week for every working mother so she can take care of her family and household needs. If guaranteeing such benefit is made difficult, the SDS will do everything possible to secure legally a reduced work day for women who are mothers without this affecting their wages. Corresponding measures to prevent loss of their jobs are planned.

We believe that women who wish to dedicate themselves to raising their children and to their families must be placed in equal economic position with working women. Raising more than two children must become an income-producing occupation! Women will have the right to a real choice!

In addition to this we will consistently strive to propose legislative bills and social programs which will guarantee equality between the sexes, provide information and

practical help with family life and the efficient planning of its budget, establishing alternatives to government-run entities to provide pre-school child care, such as private and cooperative kindergardens, language clubs, and so on, and greater representation of women on all political and administrative decision-making levels.

The SDS is convinced that in the society which we are striving to build, Bulgarian women will truly play a paramount role.

We are planning series of programs for the preservation and growth of women's offspring, from conception to raising children to become complete Bulgarian citizens. Bulgaria's children must grow in an environment of love, tolerance, and consideration of their natural inclinations and interests both at home and in society at large. We will encourage physical, intellectual, and general cultural development in children and young people. They will grow up to be independent, enterprising, thrifty, full of respect for their elders, capable of working, risk taking, winning, and succeeding.

Harmonious interrelationships among all generations in considering and peacefully settling emerging disputes are our ideal.

#### **The Bulgarian Home**

A profound irony is hidden in the fact that it is namely housing construction which attests to the Communist leaders' greed and inhumanity. The Bulgarian home has always been a holy place, where one can fulfill himself and the dreams of his loved ones. Land and home have always created a feeling of security. And to destroy this feeling, the regime built panel bunkers of concrete.

The street with the shops and saloons, master craftsmen and cafes, has disappeared; people have closed themselves up in their own home, isolated and lonely, without the possibility of associating with each other. Such was the philosophy of the militaristic society where individual thinking bordered on crime. Exorbitant and uncontrolled concentration of people without communal ties has made life unattractive and oppressive.

The housing problem turned out to be insurmountable in spite of great construction efforts on the BCP (BSP)'s part.

The Union of Democratic Forces is aware of the dramatic situation which has brought the Bulgarian population to the point of despair. The SDS will provide true opportunities to the Bulgarian people to build freely. It will fight to pass the Law on Housing Construction which would guarantee assistance to the socially disadvantaged population strata, promote change in community housing planning and distribution, and would vacate government and community housing rented by



individuals of high social standard and turn them over to citizens with incomes below the poverty level.

Our basic objectives are: to eliminate slums, to improve the living environment in general, to provide housing for the socially disadvantaged, the elderly, and homeless children, to restore human dimensions to architectural projects, to save and restore suitable apartment buildings, to provide public services.

We will work with society, not against it.

With help from the state, private, and community resources we will fight to revive the dying old sections of cities and deserted Bulgarian villages. On the basis of private enterprise and free initiative, the SDS will ensure protective legislation for the right to an individual Bulgarian home.

We want to restore to people happiness with life and the opportunity to build their own home. The modern single family house with a yard will be the supreme objective in satisfying housing needs.

#### **Toward New Democratic Understanding of Culture**

To elaborate on the concept for our future cultural development we cannot erase the past like a blackboard and start all over on a clean slate. An impulse for our separation from the disgrace which ended not too long ago, must not be simple denial, but making sense of all that which for decades was our way of life and our culture instead of our real culture. Breaking from the past can and must be radical, but it will be all the more radical if we account for the mechanisms of totalitarian cultural policy, for the structures and function of the socialist (anti) realism and its pseudocultural products.

The so-called socialist culture placed several elementary but crystal clear for everyone ideological postulates against the cultural wealth, complexity, and diversity which existed before socialism came to power. Armed with class intolerance, with hatred for "the rotten bourgeois culture," convinced that it is truly of the people, it reveled in the opportunity to be "the people's wrath is God's wrath." It had the ambition to give out justice of the highest instance by selecting from humanity's cultural history only that which it found useful. The rest was doomed to be forgotten.

The SDS's foremost task is to liberate culture from totalitarian ideologies.

We are for policy which will support cultural diversity. Bulgarian cultural efflorescence will not be the result of official measures and ostentatious elitism but will represent natural coordination of traditions and avant-gardism, and of world and regional initiatives. It is necessary to tolerate those areas in the cultural periphery, where in a way, new forms of mass culture are being tested. Pluralism in art will not emerge only in the sphere of high level examples, in the sphere of professional art. Amateurism and professionalism in art were

separated by totalitarian policy by a well defined line. The term amateur has long ago acquired pejorative sense. Until now art professionals were defined by their diplomas. Centralization imposed strict censorship on art dynamics and even more in professional training.

Let the creators of art and literature in Bulgaria acquire their professional training according the criteria of their own achievements in a free market for cultural values.

The SDS's policy for the development of art and literature as well as that of daily life and other fields, will strive to maintain the transfer of those peripheral cultural niches to the center of high examples. As much as peripheral cultural niches seem unusual now, may tomorrow turn out to be important in our new democratic culture.

The SDS supports the elimination of state monopoly in cultural budget distribution. Once approved by the National Assembly, these funds must be, for the most part, turned over to various foundations effectively controlled by the public. Economic regulation of cultural processes will help eliminate the monopoly of centralized ordering, one of the anachronisms of totalitarianism. The producer's figure, as well as the sponsor's figure will be determined by citizens' society. They are those people who will link professionally through competition the needs of art consumers and the alternative worlds of the future of artists.

This way the SDS will help stop the flight of "gray matter" from the country. By opening our society and because of our crisis emigration is increasing. It is usually young, but highly trained scientists, scholars, and capable artists who emigrate. We must implement immediately those new mechanisms which would lead to the necessary change in conditions to favor creativity. Artists and writers must not be deceived by high prices for their work. Because the artist dreams above all to be able to create, he dreams for his audience, and for recognition.

Through its cultural policy, the SDS will try, in spite of the country's economic difficulties, not to allow the opportunities for artists and writers be shaken down; they should be able to work vigorously and wholeheartedly. Because the SDS understands that they help shape the person, and shape our civil society.

Through its cultural policy, the SDS will try not only to bring culture to the people, but to bring people into the creative units of the cultural process. From passive consumers, Bulgarians must rise to the position of culture creators. A new infrastructure is necessary, where everyone will have access to the cultural wealth and esthetic experiences which have been inaccessible and unthinkable for the majority of Bulgarian citizens.

In the arts sphere there is no room for any other figures than the artist, producer, sponsor, and connoisseur. The

figure of the censor will remain in the past as something we all would want to forget. This will put us under equal conditions for creativity.

Property is also important in the spiritual sphere. It is a regulation for the artist's freedom. He is not indifferent whether he will be an equal party which can establish contractual relations freely with a producer who is independent of the political and ideological situation, or whether he will be put with a state controlled firm. It is not all the same to him whether his sponsor will dictate censorship conditions or whether he will work freely without limitations through the right to his own intellectual property. In the cultural field only private and cooperative property can secure normal conditions for the patron as well as for the artist. Private, cooperative, and state sponsor firms will receive tax reductions.

In its cultural policy the SDS does not underestimate the interaction between fine and commercial art. They must mix and substantiate each other. For example, through commercial design, our economy should become a cultural factor of daily life. We are for better cultural development in the relations among people, at work, leisure time, and sports.

Only under the conditions of free cultural life can we speak of opening Bulgarian culture to the world. This way international organizations, mixed artists' cooperatives, publishing firms, film and theater productions and so on will be accessible to Bulgarian artists and writers. This is a chance for Bulgarian culture to cross the borders of the small country and go around the world. No one doubts that our nation is rich in talents. The great Yavorov has said that this nation will make its way in that which is spiritual more than in that which is material. Such is the way to open the small Bulgaria to the enormous world culture.

It is unnecessary to close our eyes to the fact that our culture seems regional in nature and meaning, that we still know very little of the world, and that the world knows very little about us, and that which it does know is to great extent twisted and untrue. Here, the reasons are much more a factor of ideology than of people psychology. For decades in a row our so-called socialism preferred to have a closed culture with unjustifiably high self-confidence and imaginary "achievements," rather than to allow free exchange of ideas and concepts of the world, capable of questioning its one-dimensional idea about life and its militaristic esthetics. For the same reason, in the knowledge of our artists and public there are debilitating blank spaces: At the end of the twentieth century we are unfamiliar with many names from the European classics. It is true that a lot is being translated nowadays, but these translations create a fragmented mosaic picture, in which styles and periods are mixed and which do not give an overall feeling of completeness (and how could it, when we are reading literature written about Christianity without being familiar with the Bible!).

The SDS supports cultural diversity!

The SDS supports opening Bulgaria to world culture! It supports development of regional culture! Only that which is specifically regional can be valuable to the world!

The SDS will revive and maintain natural forms of transition from amateurism to professionalism in art and literature!

Just as it is impossible to have culture without center and without high level examples, it is impossible to have culture without periphery!

The SDS supports constitutional and standard cultural guarantees.

The SDS will do everything possible so that sponsors, patrons, and producers become representative figures in public life!

Only under the conditions of democratic Bulgaria will the artist fulfill his calling and receive true recognition!

### **Respect for Religion**

All creeds and atheism are equal in Bulgaria.

The SDS is for a new democratic law regarding religion, for repealing state monopoly in education of young people and students, and giving the opportunity for elective study of the basics of religion, as well as for the formation of religious youth organizations. State monopoly in opening, administration, and financing of hospitals, orphanages, and others will be repealed. We will give space to charity work. We will discontinue state interference in hiring, transferring, and firing of clergymen. We will establish full freedom to carry out religious activities inside and outside the temple, as well as religious talks, religious processions, and services out in the open. We need large scale publication of religious literature: a Bible for every home, religious movies in the theaters, television and radio broadcasts of religious services by temple representatives, free access for military servicemen and students to Sunday and holiday services, restoration of the property to churches and seminaries, return land to the monasteries, and icons to the temples.

There is no true democracy without religious rights, nor is there true human morality without faith.

### **For Freedom of Learning and Modern Education**

The Communist regime has transformed Bulgarian academics into ideology which imitates academics. The so-called party principle practiced by the personnel policy of the nomenclature gave scholars the position of ideologues who had to reaffirm the government with academic arguments. And this does not apply only to the

social sciences. The same happened to the other humanitarian, natural, and technological sciences. The existing academic schools in biology, philosophy, law, and economics were destroyed.

A career in academics was used as a springboard toward a career in politics. And the reverse! It became fashionable for members of the nomenclature to embellish their authority with fictitious academic degrees and titles. The statesman was no longer called only comrade, but also professor and doctor. And because the "great" politician had to be also a "great scholar," then the scholar could also be "great," if he were a "politician."

Science destroyed this way from inside and out.

The SDS supports freedom for Bulgarian science from the political situation's dictum. We will separate the function of scholars from politics.

University and academic learning cannot exist unless it is liberated. The conscience of the scholar, scientist, and teacher must be liberated. We will strive to remove information barriers which have significantly troubled scholars.

The scholar, in addition to being human like everyone else, is a citizen of the world. Until now science was restricted and monopolized by the government. We will remove these restrictions and will strive to transform science into science for the people. Research and teaching activities should and will be integrated decisively. Both university and high school students should be included in real scientific research. The financial situation of sciences, as well as that of scholars will be improved sharply. Universities and schools should and will be transformed into territories of the future.

The scholar is a special person. He is not entirely from the earthly world. For him, the physical conditions for scientific work, creative freedom, implementation of his scientific ideas, and recognition are not less important than even his remuneration. The scholar's advancement should no longer depend on his place in the political hierarchy. The scholar's career is, above all, represented by a greater true right to determine the direction of his research, a right which he gets only on the basis of proven competency in scientific work. His career will bring him that social prestige which corresponds to his scientific work prestige.

How unfortunate is the nation which calls on its scientists to solve only immediate problems. Because a fundamental function of science is to shape alternatives for the future. By accepting the great responsibility for the country's present, the SDS supports a normal and prestigious future for Bulgaria. For this reason, the SDS will follow a new policy on science, which will help its development as a legislator for the future of our nation.

As a ruling coalition the SDS will shape its policy on science on the basis of the following principles:

—to provide priority, comprehensive, and unconditional security for scientific research;

—to keep up with scientific achievements;

—to keep up with achievements and select from among them those which will be quickly absorbed into our national culture.

Science by definition is, and Bulgarian science will be an even more active source of changes in our culture. But science should not only give, or as it was formerly acceptable to say, to "implant" its products. They must taken form it. The economic effectiveness of science is not a problem which can be solved through any kind of governmental influence. The economic effectiveness of science is, above all, a problem of the transition toward market economy in Bulgaria. A Market economy will activate those areas which naturally, taking into consideration their own growth, will demand and make use of scientific data. It is impossible to have a market for scientific products without having an economic market.

Up until today, totalitarian society did not need true science. Tomorrow the public will demand it.

According to the SDS, science and education are the nation's most valuable assets. The more one invests in these areas, the more and better will his production become. This does not mean, however, that state assistance for the sciences will be unnecessary in a market economy. Quite the opposite, science will need it even more. It is true that in a market economy new and various forms of subsidizing scientific research will emerge, but the principle subsidy for science and education will remain the national budget. These funds must be appropriated separately by the National Assembly's voting and be given to autonomous scientific organizations. In the future, no dictum will be accepted regarding the distribution of scientific research funds. This way, the greatly inhibited self-regulation mechanisms in science will be liberated.

To be in step with modern world dynamics, people must continue their education throughout their active lives. According to the SDS, science and education are some of the great reserves and priceless opportunities for Bulgaria to come out of the economic crisis at the lowest social price. Many of the problems facing our future, such as unemployment, low profitability, technological underdevelopment, and others could be resolved before they become crucial. A modern scientific and education system for continuous professional training and retraining is a guarantee that they will be solved. As in the developed countries, the school or the university must become a constant companion for young and old alike, for students, as well as teachers. Establishing independent universities is one possibility.

The situation of Bulgarian teachers should be changed and will be changed. To be a teacher in Bulgaria is burdensome, nerve-wracking, and futureless. Because for decades, and even now, our teachers have been

forced to play the unenviable role of dehumanized link between children's minds and educational programs. These programs have nothing in common with the teacher. They are developed by somebody "up there," in the mold of totalitarian ideology which has stolen the right to monopolize the one and only truth. For this reason even now, the educational program rather than the teacher is most important to the totalitarian administration of education. According to totalitarian ideal, the perfect school is the one with the perfect educational program. This is the school which must "produce," and in schools and universities it did mass produce programmed people for a programmed society.

Our children need teachers who are individuals, not programs and regulations! Only the teacher who is an individual and who can soberly evaluate changes, can turn children into individuals.

The SDS supports free initiative for Bulgarian teachers! It recognizes their right to answer their calling; their right to say with responsibility and pride that the children are their students!

Now, after decades of government "in the name of the people," after "large-scale" and "for all people" programs for "versatile" and "comprehensive" development of individuals, and in spite of the heroic opposition of Bulgarian teachers, our schools are in a profound moral, intellectual, and financial crisis. Their facilities are poor. They are administrated by incompetent functionaries who see schools only in documents, during celebrations, or from the windows of their high level offices. Former officers, party officials, and Komsomol personnel were often given positions as principals and directors. And in reverse: It was the teachers who were able to win their students' genuine love, who became the target of suspicions, insinuations, and not infrequently to open intimidation by envious and incompetent colleagues and superiors.

This was reflected in our children. An education which neither educates nor cultivates has transformed the future of our nation into a disinterested, inert, and obtuse mass. Boring, politicized textbooks inspire hatred for school and aggressiveness not only toward teachers but also toward classmates. Learning the text material no longer was the student's objective, it became a burdensome chore because programmed text material did not teach anything relative to the future, only survival through grades and diplomas. Our children were being left behind morally and intellectually before our eyes. They were becoming ill physically and psychologically under the unhealthy study program; they were becoming ill and continue to become ill from overburdening, formalism, and all kinds of harassment.

Neuroses among students, high blood pressure, worry, and depression increased. These are bothersome symptoms of our schools' downfall. It became so, that young people acquired the necessary knowledge and education in informal groups, in the company of friends, even on

the street, instead of school. It is not by chance that time and money spent on so-called "private lessons" have increased alarmingly.

Having led education into crisis is perhaps totalitarianism's most terrible crime, because we will be paying its price for a long time.

Urgent measures are needed for true and total healing of education. Otherwise, we will not be able to accomplish even one of our ambitious goals for the future. Without morally strong, well educated people even the best thought out economic, social and cultural changes will remain an impossible dream.

We support a social, not party and state education system! We support pluralism of the forms and methods of organizing and providing for schools! We are for diverse and alternative types of training!

Let us revive the democratic traditions of Bulgarian schools: There should be community control through school boards of trustees, and education should be humane and depoliticized. Based on these traditions we will build the type of education system achieved in the developed countries. We will establish schools where the dignity and individuality of teachers as well as students are respected. We will create schools where the most recent scientific information is used. We will introduce modern teaching methods in schools and we will make them accessible to every student. Children will have the right to choose their study outline freely with the help of their teachers. We will introduce elective study. We will give priority not to the quantity of knowledge, but to the ability to acquire knowledge, to creative thinking, to the ability for self-improvement and continuous self-education.

Schools should no longer be places for memorized knowledge and brain washing. Schools must become places for wholesome public life, they must become places where the future is born! Our schools must once again become attractive for both students and teachers. Let us build the education system on moral and ethical purity and professional competency.

We support a variety of education systems and freedom for private, cooperative schools and universities, foreign colleges, vocational schools and departments large firms to establish themselves.

Let education's goal become the development of every individuality! Let the only criteria be morals and knowledge, ability and creativity! Society needs individuals who can think on their own, make decisions, criticize, and choose their own way for self-fulfillment.

The SDS will fight for constitutional guarantees in education and science. The SDS will sharply increase funds for education and science. Teachers will be paid according to their merit!

The fundamental values of democracy will be integral part of education. Ignorance was the weapon of dictatorship. Enlightenment is the weapon of democracy!

Through education and science to democracy!

"Onward, science is the sun,

which illuminates the soul,

onward, national identity will not be lost

wherever knowledge dwells!"

### Youth Is Ours, the Future Is Ours

Our youth supports the democratic forces with enthusiasm. In the past, the ruling party postponed the catastrophe at the expense of the future, the descendants. And today young people have to pay for the sins of a criminal policy. The guilt remains, but the consequences fall on the shoulders of the present and future generations.

The nomenclature is at its old age. Its allergy to enlightened youth is evident everywhere. Young specialists, those who will build the future of our nation as their own future, are in the most desperate situation. Their opportunities for fulfillment are eliminated. They usually received low skilled jobs. A worrisome phenomenon in our society is not only unwanted education, but also the unwanted profession. Young people very often get jobs which they cannot or do not want to do. The situation in rural areas is especially difficult, where substandard living and work conditions, seniority system of farm cooperatives, and aging population simply chase young people away to the big city.

Young specialists cannot get on their feet for a long time. Young people become financially independent with great difficulty. Most young families live with their parents or pay exorbitant "free rent" which is anything but free, or get crowded in community housing without any hope or outlook for a home. Young people's miserably low wages are secondary to age inequality, where seniority plays a greater role than ability and knowledge. Many young families are maintained by their parents, which lowers the living standard of their grandparents even further.

Accusations that young people do not work, that they only want money and are consumer oriented are true only because their hands are tied; they are not allowed to have additional earnings without interference by the bureaucracy.

Young educated people are orienting themselves toward the democratic forces, because they do not want to lose the chance for a better future. It is most difficult to frighten them with the advancing changes. They sincerely desire these changes and are ready to take responsibility for them. The future is ours because youth is ours!

Young people must spend their youth with happiness, love, and joy!

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[Text]

### What Kind of Constitution Is Necessary?

To accomplish everything we have said, the SDS needs a Great National Assembly. It is called for to put an end to a party-organized state and lay down the constitutional foundations for a modern parliamentary democracy.

For the first time in decades our nation has an opportunity to approve a constitution which will truly be supreme law, and not fiction about our equality before the state.

Until now the state operated to great extent outside the constitution. It did not correspond to the state organs. All parliament did, was vote unanimously for decisions made elsewhere. We support a constitutional state where state government, like any other government is subordinate to supreme law. We support a true correlation between government in practice and state organs. Up until now the nomenclature used the law as means to maintain itself on top... For us, law is the goal, while government is only the means to reach it.

We support a state without constitutional definitions. The SDS supports a parliamentary constitutional order. Bulgaria needs a strong parliament. We are against presidential power above parliament. Parliament can be limited only by the will of the people and the constitution.

What kind of parliament do we need?

We are for a continuously active parliament. Parliament members elected to it will be professional parliamentarians. Their work must be a calling; it cannot be a hobby or the accumulation of political capital for a "rainy day." Parliament will operate almost continuously. It will be assisted substantially by specialized committees and subcommittees, which will be an additional source of its strength.

We insist that parliament must be the only legislative body of the state. It is necessary for the constitution to increase the number of issues which would be regulated only by laws. The laws themselves should no longer be just declarations of ideological nature, but should be detailed normative acts which could be amended with additional acts only in regard to their enforcement. We are categorically against the delegation of legislative rights to the government or the transfer of legislative power to the head of state.

Only parliament should determine the conditions under which the state budget is to be used and should not permit the spending of even one lev for other than the predetermined purposes. The SDS is for a parliament with strong power in financial matters.

What should be the government's role?

Parliament's strength should be manifested in its continuous and efficient monitoring of government and state administrative activities. The SDS supports a stable and strong government which is, nevertheless, responsible to parliament.

Bulgaria needs an authoritative head of state, who would express and guarantee the unity and integrity of the country and who will be above political fight. We reject the idea of a president as personification of executive power. The SDS is for a president under parliamentary regime conditions.

A constitution court should provide a guarantee against all that happened to the constitution during the totalitarian regime. Our experience over the last few decades makes us think about strengthening constitutional defense mechanisms. This is why we are for the organization of a constitutional court, which would have the right to declare invalid all legal acts contradicting the constitution and the laws. Above all, however, it must provide reliable defense for the individual freedom and rights of every citizen against possible abuse by administrative and state institutions.

It is not sufficient for individuals to have equal rights with institutions because they have different levels of vulnerability: That is, the rights of individuals are more easily violated than those of the administration and the state. The constitutional court should be a guarantee and a barrier against violations of individuals' rights by group and corporate interests, which can also be accomplished through parliament. As the constitution's guard, it will monitor the decisions of administrative, judicial, and other state organs to protect the citizens' constitutional rights. The constitutional court can play a stabilizing role within the government by settling disputes among state organs regarding the distribution of their responsibility, as well as between state and public organizations, for example, when the government exceeds its rights regarding group and individual interests.

We support the introduction of a "parliamentary defender of citizens' rights" institution. Its main function will be to review grievances against the administration and its officials, civil rights violations secondary to negligence, arbitrariness or abuse of power. The civil rights defender will be elected by parliament but will act independently from it and the government and will have great capability to monitor the entire administration.

We are for a supreme administrative court. The defense of civil rights requires a new look at the legal verification of administrative acts. We must revive our post-Liberation traditions when carrying our administrative justice. The SDS supports the separation of administrative justice into an independent system and the organization of a supreme administrative court as the citizens'

legal defender against errors and arbitrariness of administrative organs and officials. The Supreme Administrative Court should in principle have jurisdiction of all grievances against administrative acts.

Inspired by the idea of sovereignty of the people, we are for frequent use of the constitutional practice of national and local referendums. The SDS will strive to make referendums the method for the people to decide on specific public life issues or obtain the people's veto of some laws passed by parliament. The situations and methods for carrying out referendums must be defined in the constitution.

The SDS supports a truly independent court. The position of judge must be incompatible with membership in any party at all. We want judges to be people of great authority in society and to be morally and financially independent from other governmental organs.

We support a three level judicial system, in which the first instance will review the case and collect all evidence, the second will verify it again, while the Supreme Court will exercise vigilance regarding laws. The SDS feels that the jury must be retained, but the number of jurors must be increased; they must be chosen at random and must decide independently the verdict of guilty or not guilty.

Every citizen must have the right to an attorney of his choice from the moment he is detained or charged. For this reason, a new bar system in principle is needed, with free access to this profession for morally pure and professionally proficient lawyers. With regard to this, the administrative rights of the Ministry of Justice should be eliminated. It is necessary to restore the legal profession as a truly independent profession which follows only its own professional rules and morals.

Local self-government needs the revival of democratic traditions. We reject the existing form of "self-government," where the ruling party has reduced this good idea to self-governing of the obshtinas by the nomenclature and to oblast governments which prevented the obshtinas from truly governing themselves. The idea of self-government was to a high degree discredited by phenomena having little to do with true self-government.

Under the title of "self-government" the state was decentralized several times over the last few decades. But decentralization did not lead to democratization. Under the guise of self-government, responsibility for the economic crises was either transferred from the higher administration to the ordinary worker collective organizations or local natural economy from premodern times was restored (for example the idea for "self-sufficiency"), or the the political oligarchy's corruption was blamed on local "majesties" form the obshtinas. True self-government has, above all, political dimensions.

It does not mean, for example, that the workers will choose the enterprise's director, but that they will choose freely local political activists. Strong obshtinas within the limits of the law means, above all, freedom to solve all local problems without any interference or guardianship of the central state organs.

Similarly, strong obshtinas and municipalities means, above all, strong and independent budgets. The distributive role of the central organs which lived off the obshtinas must be minimized. We have before our eyes the catastrophic consequences of ultracentralization of finances, goods, information, government, culture, and so on which led to the present differences between capital city and province, the former okrug, now oblast centers and the rest of the country.

#### **For a National Accord on the Fundamental Values of Democracy**

The SDS strives so that the entire public life and relations among people may be built on democracy's holy values. Those human values which were denied and trampled upon by the totalitarian government are most important to us. The totalitarian regime replaced freedom of thought and actions with ideological loyalty, internal independence with control over individual life, the sense of wholesome life with constant fear of losing the little that was acquired with strenuous work. It replaced healthy living and emotional balance with systematic poisoning of the population and psychological harassment at the smallest manifestation of a different way of thinking or independence.

We believe that for a society which is being liberated from totalitarianism's chains, it is extremely important for all social and political forces to reach an agreement on the fundamental values of democracy. These are values which cannot be discredited. No one, under any conditions, should trample upon them. The experience of societies with centuries of democratic tradition show that the more inviolable the agreement on fundamental values is, the clearer, more exact, and more constructive is the discussion on problems where there are differences of opinion.

Democratization is built on values which stand above party interests, ideological differences, and every day emotions. Of all of them, the most pressing for our society, which has suffered for so many decades of hidden civil war and open political intimidation, is the value of no coercion. The SDS is against all forms of coercion. We are not only against the physical outrage which took the life and crippled thousands of people in the sinister socialist camps; we are not only against economic coercion which reduced half the country to borderline poverty; we are not only against political coercion which stamped out every opposition and every manifestation of free will. We also reject moral coercion: forcing people to say things they do not believe, to praise administrators they detest, to be hypocrites before the strong on whom they depend for their daily bread and survival.

We reject psychological coercion, the keeping people subordinated, open threats, and hints about the consequences of insubordination and difference of opinion.

To us freedom is a holy and inviolable treasure of every democratic society. It stands at the base of democracy which does not exist without it. The greatest cynicism of the Communist government was the constant proclamation that our society is free and everyone of us has individual freedom.

We all experienced in fact this individual freedom and the fruits of "free society:" to live in poverty, to remain silent, to be afraid, to live and work where we are told, to be ill, to be subordinate, to be servile and hypocritical, and not to travel all over the world.

The paradox of "freedom" in a totalitarian state was that even those who occupied the higher level positions in the government were not truly free. Their "freedom" to act in an arbitrary manner, to do things in their own favor, to ignore the needs of ordinary people was maintained on the basis of obedience, slander, and cruelty to those who are weaker because of fear of those who are stronger. This kind of "freedom" for our administrators destroyed the most closely related value: responsibility.

Collective responsibility, preached by the nomenclature, turned into individual irresponsibility. Let us not forget the truth told in the hundreds of years old biography of democracy:

Only the individually free person is socially responsible. Freedom to choose faith and ideas, to choose where to live and study, to speak openly, to do work for which you have the ability, and to work where you feel most fulfilled, this freedom makes us responsible to realize our choice according to the rules of the human community and common human morals.

The nomenclature which gave out "freedom" in return for our irresponsibility and obedience has left us the great legacy of turning our society into a society of accusers. Let us transform ourselves once again from accusers into responsible people! Let us seek the causes of things not outside ourselves, not in some bureaucratic party forces, but within ourselves, in understanding our responsibility before the world. Freedom is the frame of responsibility. Only the responsible person is internally free!

The most speculated-on value in the past was: equal opportunities for all. But we do not want equality at any price. We will strive toward equality at the "start of life," not in receiving the goods! A democratic society gives everyone equal chances, equal "starting position" in the choice of way of life, direction, and alternatives. The rest depends on ability, diligence, the desire to participate in the social growth of the individual person. The right to

equal chances and opportunities loses sense without the right to use them in different ways.

In a democratic society competition is a fundamental principle of free coordination of human activities. Competition in the economy is through market mechanisms and antimonopolistic legislation! Competition in politics is through free elections and parliamentary fight! Competition in culture is through free confrontation of ideas, points of view, opinions!

The SDS is for a socially just society where competition coordinates organically with solidarity. Through competition people are free to be different; through solidarity they are free in their equality. Solidarity is the means through which the socially disadvantaged or simply, the weaker use their right to defend themselves, help each other, and become free.

Dignity and self-respect are eternal human values. They are viable only in a truly democratic society. Even if financially secure, a person does not feel like a total individual if he does not have a sense of his own dignity and does not see himself as an individual worthy of respect. We will do everything to revive this value which has been suppressed during the totalitarian regime so that we may become a nation with a sense of our own dignity.

The future democratic society must also be a society of tolerance. This value requires patience and respect for the beliefs and ideas of other people, parties, and organizations, for the religion, sex, and ethnic origin of every person. Tolerance is not only passive patience. It is active defense of the rights of others to be different. We reaffirm our own freedom only by tolerating the freedom of others. Opposition is necessary when the government uses its power to make the inequality of our opportunities lawful instead of making them equal. This is why we will use civil disobedience when we feel the government exceeds the power delegated to it.

The SDS places paramount importance on all individual human values, which give meaning to our lives, and to our everyday efforts. Family happiness, physical and emotional health, financial well-being, the ambitions and drive for success, safe and calm existence, healthy way of living, love, fulfillment, uncontaminated nature, amusements and entertainment, charity and altruism, belief in god, tolerance of religion, and so on: Every one of these human values can be a leading cause in the life of every person bringing him happiness and fulfillment.

Every person is free to give meaning to his life in his own way and to pursue values which he finds important.

By voting for the SDS, you will support the triumph of these values! They are the spiritual base of the society we seek! They are the principles which all of us can build together!

Forty-five years are enough! Time is ours!

### Ecoglasnost Leaders on Election Plans, Current Activities

90P20024 Warsaw POLITYKA in Polish No 16,  
21 Apr 90 p 12

[Interview with Georgi Avramov and Emil Georgiev, Ecoglasnost leaders, by Piotr Gadzinowski; date and place not given]

[Excerpt] [passage omitted] [Gadzinowski] You belong to the oppositionist Union of Democratic Forces. Will you put forth candidates in the June parliamentary elections?

[Avramov] We joined the Union in order to assist the democratization process. Today we are the most popular organization in the country. In the last two public opinion polls we received the highest percentages for confidence and support, in one of these even 74 percent. In all probability our popularity stems from the fact that we do not go in for straight politics nor do we fight for power.

[Georgiev] However we do want to have our representatives in the National Assembly, defending our ecological interests. If, however, it should happen that after the elections the Union obtains power, or one of the other parties associated with the Union forms a government, then we would leave.

[Gadzinowski] How is Ecoglasnost keeping busy today?

[Georgiev] We are engaged in a protest action against the construction of an atomic energy plant in the vicinity of the city Belene and in the closure of the metal processing plant near Plovdiv. We are explaining the impact of exploiting uranium deposits near the city Rakovski on the number of illnesses among children.

We are also preparing two large reports. The first on the quality of food for our children and the second on the condition of land under cultivation and the impact of chemical substances on food.

[Avramov] Since we do not collect membership dues, we organize various campaigns in order to obtain money, ranging from the collection of waste paper up through concerts. We are also in contact with international ecological organizations and independent movements in Central-Eastern Europe. We have the first results from cooperation with Solidarity and the Hungarian Greens Party.

[Gadzinowski] It [your movement] began with the clouds over Ruse. Does anything threaten the city now?

[Georgiev] Last year the Romanians stopped the harmful production in Giurgiu. Unfortunately, once again in February, gas clouds appeared over Ruse. We organized meetings with representatives from the Romanian Ministry of Environmental Protection and we received assurances about the closure of chemical factories.



In Giurgiu, a movement close to Ecoglasnost has appeared. We assisted them financially. Shortly we will organize a cooperative action—we will divide the Danube with boats in order to protest against the construction of an atomic energy plant between Belene and Svishtov. This is the beginning of our cooperative activities. In our slogan we proclaim that "There is no future without Ecoglasnost."

[Gadzinowski] Thank you for the interview.

## POLAND

### Interagency Environmental Monitoring Group Established

90EP0417A Warsaw TRYBUNA KONGRESOWA  
in Polish 8 Feb 90 p 8

[Article by K. P.: "State Monitoring of the Environment Arises"]

[Text] To effectively protect the environment, the changes that take place in it should be watched closely. Knowledge of contamination of the air, soil, and food as well as knowledge of the state of health of the population have basic significance to the selection of the proper strategy for the country's development. The detection and documentation of the magnitude of the movement of pollution across borders is one way to create international ecological security—the removal of the sources of threats and the receipt of compensation for losses. These considerations by themselves speak in favor of the need to create a State Environmental Monitoring Group in our country.

Up until now, many different institutions have been concerned with the examination of air, water, and soil purity, the evaluation of the condition of the forests, and the analysis of radiological contamination and so forth. However, these evaluations were conducted haphazardly, with the application of different types of equipment and various measurement techniques. As a result, the findings were not suitable for making comparisons and were not very reliable.

An interdepartmental group charged with elaborating the program of the State Environmental Monitoring Group was created by a decision of the premier. At the first session, which took place on 7 February under the chairmanship of Bronislaw Kaminski, the minister of environmental protection, natural resources, and forestry, principles of cooperation and the organization of work in this area were discussed. Groups were created which will be concerned, among other things, with matters of assembling sets of equipment, training personnel, the computerization of the gathered data, and also working out methodologies.

Part of the apparatus will be purchased within the framework of credit from the World Bank. The working laboratories in the monitoring network will be furnished

with equipment that other countries have offered us. There also exists a need to develop production of specialized installations in Poland. Selected institutions will propose the methods of taking measurements and the principles of elaborating the results in accordance with international agreements.

### Political Parties Present Positions On Local Self-Government Bill

90EP0417B Warsaw ZYCIE WARSZAWY in Polish  
6 Feb 90 pp 1-2

[Article by J. Paradowska: "Proportional or Majority Representation?"]

[Text] The senate legislative propositions concerning the shape of local self-government and the manner of its election evoked discussion and also objections. The latter especially had to do with the electoral system, and that is not surprising, since it will determine exactly who will be in the local, representative self-government.

The sponsors of the bill are not avoiding discussion, but they maintain that the system gives everyone a chance and that, after all, in the local elections specific, widely known people, not party lists, will get the votes. And what do representatives of political groups that do not have representation in parliament think about this?

Janusz Zablocki, Labor Party:

"We consider the design proposed by the senate commission—which, in addition to allowing voters to choose a single list of candidates, also allows them to choose names from other lists—too complicated. This may contribute to a situation in which very many of the votes cast will not be valid. In the name of clarity of design and also in the name of the democratic political culture that is our duty to rebuild in Polish society, I would be in favor of a simple, proportional system. It gives equal chances to all lists and makes the result of the elections dependent on actual social support."

Wieslaw Chrzanowski, Christian-National Union:

"The electoral system is always the litmus paper that shows to what extent declarations of democracy fit reality. I take a critical position toward the plan that has been presented. It duplicates the old ideas when the FJN [National Unity Front] and PRON [Patriotic Movement for National Rebirth] were inserted into the system. Now this will be the Citizens Committees. The system of elections to the Sejm did not contain rules about the Citizens Committee. After all, people from these committees can simply run as a group of citizens. The introduction of various lists is, to my way of thinking, typical manipulation. It has to do with distinguishing various other groups and parties from the Citizens' Committees. In principle, these committees were supposed to be an agreement between citizens of various ideological orientations, but now they are opposing other political groups. The technique of elections indicates

that the list plays no proper role, that the person gets the votes, and that it should thus be an alphabetical list. If in this situation, various lists are proposed, then it is simply in order to indicate a preferred list. If one has the mass media at one's disposal, this is easy.

"This is in general a rather strange system of majority representation. With a large number of candidates and a small electoral turnout, a candidate who takes only ten to twenty percent of the vote could make it through. So, what kind of representative organs will these be? Will they be truly representative? If the slogan of these elections is to be the enfranchisement of society, a proportional system should be adopted."

*Krzysztof Krol, Confederation for an Independent Poland:*

"We are decidedly in favor of proportional elections. We believe that with the emergence of a democratic state, political diversification must find its reflection in the parliament as well as in local self-government. It is worth recalling the example of General de Gaulle, who aspired precisely to proportional elections after the Second World War, so that all of the political forces could present their programs and propagate their views. But after the stabilization of the state, a majority system may be introduced.

"In our current situation, a vote for a proportional system is further justified by the fact that Solidarity enjoys the support of the majority of society, in other words, it will occupy 100 percent of the seats. With 50 percent of electors absent (and that is to be expected) all the seats in local self-government will be filled according to the decision of, for example, 30 percent of the citizens. But in proportional elections Solidarity will take an absolute majority in any case, but in the composition of the self-government organs there will also be representatives of other groups, for example, the PSL [Polish Peasant Party] and the KPN [Confederation for an Independent Poland], which could take about 15 percent of the votes.

"The issue of political programs and the opportunities to present them also speak in favor of a proportional system. In a system of majority representation, in single-mandate districts, the election campaign can count on votes for "our own" rather than for a program. In a proportional system, the programs will compete."

#### **Self-Government Reform Plenipotentiary On Changes, Reform**

90EP0417C Warsaw RZECZPOSPOLITA in Polish  
8 Feb 90 p 3

[Report on a news conference by Jerzy Regulski, government plenipotentiary for regional self-government, by Renata Wrobel: "What Will Fall to the Local Government?"]

[Text] "The self-government reform, one of the basic elements of the transformation of the state structure, will

be, next to the economic reform, the most important event of the year," said the government's plenipotentiary for reform matters concerning local self-rule, Prof. Jerzy Regulski, during his Wednesday meeting with journalists. Next, he presented the most important principles of the planned undertaking. We are reconstructing the full autonomy of the gmina with its own administration, budget, and treasury. The councils will be appointed according to a democratic electoral system. The functions of the self-government and the state administration will be divided, and the government will influence the gmina only through created law, but not in the form of recommendations.

The operation is difficult. We have almost no experience, because the autonomous gminas ceased to exist in 1939. The most difficult moment will come after the elections, before the people learn to take over their own affairs. The state must function efficiently during this period. The village and town mayors must take over the local administration and reorganize the offices. The gminas will get the communal property. What will remain in the state's jurisdiction and what will fall to the local government must be decided. Next, municipal services and communal enterprises must be reorganized, and unions of gminas created. This transitional period will probably last one and a half to two years.

Great importance is attached to the shaping of future activists and employees of the local government. The Foundation for the Development of Local Democracy has arisen, which is supposed to assist local initiatives and organize a system of permanent, local government schools. There are many offers of foreign aid. This is based on agreements between "sister" cities and regions. With France, we are organizing a training program involving 500 people. Contact has also been established with international organizations, including the Permanent Conference of Local and Regional Authorities, which is an organ of the Council of Europe. So far, about 15,000 people in the whole country have taken part in some form of self-government training.

"Self-governing gminas will have to work within the old financial system at the beginning," answered the government's plenipotentiary to a question about the gmina's income. "The deep reform of the budgeting and tax system is to take place only in 1991. At that time, it will be defined what kind of taxes will flow into local treasuries. However, these sums will certainly not be sufficient, thus, a system of state subsidies, the magnitude of which will be established by objective criteria, will be necessary. The creation of an equalizing, self-government fund is also foreseen: a portion of the financial surpluses of the wealthier gminas will aid weaker units."

In answer to a question about the commercial activity of the gminas, we heard the following, "We propose a compromise solution. Self-government would not conduct activities directly, but it could be a partner in

companies. The old state enterprises would become incorporated companies with the participation of the self-government.

"When will the elections be? The decision has not yet been made, and it will not be an easy one. 22 April is no good, because the election campaign would take place during Easter. 29 April is no good, because it is close to 1 May, which means a so-called long weekend. 6 May is not favorable either, because the examinations for secondary-school matriculation will be that morning."

Is there not a fear arising that the national councils might spend all the money allotted for the entire year before April? "Such a possibility can not be excluded," said Prof. Regulski, "however, the government may not interfere in these matters in a high-handed way. The Ministry of Finance will endeavor to counteract this within the framework of existing law."

To RZECZPOSPOLITA's question about the work of the office of the plenipotentiary once the bills are worked out, Minister Regulski answered, "We will prepare for their institution. It is foreseen that our delegates will be appointed in all the voivodships. They will be concerned with preparing the reform, caring for the emerging gminas, and conducting training. We will create a network all over Poland to aid the self-government that is coming into being. To this end, on 1 February, Deputy Jan Krol will be appointed deputy plenipotentiary on self-government affairs. He is to be concerned with the creation of an apparatus at the voivodship level and a system of consultative groups."

And here are two more bits of information. The process of taking over property by the gminas will be a good occasion to settle the matters of persons whose real estate was taken after the war. The time for considering the many petitions for changing the borders of gminas, towns, and voivodships will probably come only after the elections.

## GERMAN DEMOCRATIC REPUBLIC

## FRG-GDR Joint Ventures, S&amp;T Cooperation Detailed

90GE0061A East Berlin AUSSENWIRTSCHAFT  
in German 28 Mar 90 pp 3-5

[Article by Dr. P. Freiberg: "Dynamic Development of Various Cooperation Agreements With Western Nations"]

[Text] East-West trade which had been marked by downturns and stagnation for a great many years has been on the rise since 1988.

A parallel development over the past few years has been a number of new types of cooperation due to the changes taking place in the CEMA countries. The concomitant increased integration processes of these countries into the international division of labor are increasingly turning into a decisive factor in East-West trade relations and are themselves contributing to an intensification of trade.

## East-West Trade Picking Up

Following the dynamic development of East-West trade in the seventies, problems rapidly began to increase in the eighties. While steep declines in foreign trade with Western industrial countries occurred in the Soviet Union, Poland, and Romania, Hungary and the GDR recorded slight increases in the first half of the eighties.

The principal reasons for stagnation and decline were the declining competitiveness of CEMA countries' export products (e.g., the mechanical engineering products' share of total exports dropped to less than seven percent on the average during the eighties) as well as a sharp decline in the price of energy products, raw materials and basic materials for industry. In the USSR, the share of the latter group of goods exported to Western industrial countries was about 80 percent in 1988. It was relatively high in other CEMA countries as well, i.e., about 40 percent on the average; 25 percent in the GDR.

As of 1987, East-West trade started to grow once again. According to OECD reports, East-West sales of goods climbed to \$88.2 billion in 1987 and to \$96.9 billion in 1988. This increase continued during the first half of 1989 as well.

The FRG, the biggest trading partner of the CEMA countries, raised its export sales to East Europe by 22 percent in 1989 which helped it to achieve a further increase in its export

surplus. The figures indicate that the current growth in East-West trade is attributable to increased imports by the CEMA countries with exports increasing somewhat more slowly. The CEMA countries' export surplus which has been declining since 1988 turned into an import surplus during the first half of 1989.

The reason for the revival in East-West trade were the consequences of the economic reforms in the USSR and the other East European countries, particularly the opening up of markets, increased opportunities for direct contacts between the industries in these countries and Western enterprises as well as direct Western investments. The vast dimensions of these markets and these countries' great need to catch up in technology and other fields (e.g., in consumer goods) serve to stimulate Western interest. This trend was also spurred by the favorable economic situation in Western Europe, by price and dollar exchange rate developments as well as the political relaxation process in East-West tensions.

One must not overlook the fact, however, that this trend toward an intensification of East-West trade continues to be hampered by negative factors, e.g., the application of the COCOM regulations as well as tariff and non-tariff restrictions. In the recent past, there have been indications of a trend toward removal [of these restrictions]—among other things because of the rapid pace of political developments in Eastern Europe. In 1990, for example, the quantitative restrictions imposed on Poland and Hungary by the European Community are being abolished; all restrictions between Italy and Czechoslovakia are being removed; the United States is granting most-favored nation status to Hungary and the restrictions on trade between the GDR and the FRG are being removed.

The intensification of East-West trade and the opportunities arising from it are also reflected in the trade relations between the two German states. Following a downturn between 1986 and 1988, overall sales in 1989 climbed 9.4 percent to DM15.3 billion. (Because of different computation methods, these figures, provided by the Wiesbaden Federal Bureau of Statistics, do not agree with those published by the GDR Statistical Bureau in AUSSENWIRTSCHAFT 10/90.) GDR exports in 1989 rose by 6.1 percent to DM7.2 billion while imports from the FRG increased by 12.4 percent to DM8.1 billion. An increase in turnover has also been observed at the beginning of 1990.

Table 1. Trends in East-West Trade

	1987 in \$ billion	1988 in \$ billion	First Half	First Half 1989
Total Turnover	88.2	96.9	47.2	52.0
Percent Change	+ 10.3	+10.0	—	+ 10.2
CEMA Exports	46.1	48.7	23.7	25.5
Percent Change	—	+ 5.6	—	+ 7.6
CEMA Imports	42.1	48.2	23.5	26.5
Percent Change	—	+ 14.5	—	+ 12.8
CEMA Balance	+ 4.0	+ 0.5	+ 0.2	- 1.0

Sources: Statistics of Foreign Trade, OECD, Series A; Federal Bureau of Statistics, Wiesbaden (for figures on FRG-GDR trade)

### Various Types of Cooperation

As the integration of the CEMA countries into the international division of labor proceeds apace, a great number of both traditional and new types of cooperation have continued to develop and/or have emerged.

According to ECE [Economic Commission for Europe] figures, some 2,100 joint ventures existed in the countries of Eastern Europe as of the end of 1989, i.e., 1,000 in the USSR; 600 in Bulgaria; 400 in Poland; 50 in Czechoslovakia; 35 in Bulgaria [sic], and five in Romania.

As of October 1989, reports the ECE, some 330 cooperation agreements (involving joint production and specialization) had been concluded. This type of arrangement has been used by Hungary, Poland, and the USSR in particular.

During the same time period about 600 licensing agreements had been concluded between CEMA countries and Western companies.

There was only scant activity in the area of subcontracting and third-country cooperation.

More recently, new types of East-West economic cooperation have emerged, for example:

- special economic zones, e.g., in the USSR, Poland, Hungary, and Bulgaria.
- consortiums for the realization of large-scale projects both inside the participating countries and in third countries. This types of cooperative efforts are being undertaken most of all in the USSR.
- a large number of services which are becoming an outstanding feature of East-West economic relations, e.g., in construction and assembly, transportation, leasing, preparation of software, export of science and technology and production know-how, tourism, banking and insurance (new types of financing arrangements), maintenance and service, consulting and engineering, waste disposal, training, advanced training and management training, as well as postal and telecommunications services, etc.

### Selected GDR-FRG Cooperative Projects

GDR Partner	FRG Partner	Field of Cooperation
Kombinat Schienenfahrzeugbau	AEG, Preussag-Salzgitter	Development, production, and sales of rail transport
Kombinat Elektronische Bauelemente, Betriebsteil Lobenstein	Grundig	Dictation technology, telephone answering equipment
Kombinat Lacke und Farben, Berlin	Hoechst AG, Herberts GmbH	Paint and varnish product development
Robotron Buchungsmaschinenwerk, Karl-Marx-Stadt	IBM Germany, Stuttgart	Servicing of Robotron computers in GDR and CEMA countries; sales of IBM products in GDR

Baumaschinen, Halle	HANOMAG	Production of power graders
Transformatoren- und Roentgenwerk, Dresden	Siemens AG	Production of super-sonic diagnostic equipment
Numerik, Karl-Marx-Stadt	Siemens AG, Munich	Development and production of electronic controls
Energiekombinat, Intrac-Handelsgesellschaft, Berlin	Preussen Elektra AG, Hannover	Construction of two hard coal electric power plants to supply Rostock and Luebeck
Traktoren- und Dieselmotorenwerk Schoenebeck	Kloekner-Humboldt-Deutz AG	Development, production, and sales of KHD tractors
Stahlwerk Brandenburg	Mannesmann-Demag-Huetten-technik	Marketing and use of Brandenburg know-how in operation and maintenance of high-performance electric ovens and metallurgical equipment
Kombinat Gasanlagen	Wintershall AG	Gas supply, line construction, gas distribution
Kombinat Braunkohlenkraftwerke	RWE Energie AG	Reorganization of Thierbach, GDR soft coal electric power plant
Institut fuer Biotechnologie der AdW, Leipzig	Biodetox GmbH zur biologischen Schadstoffentsorgung, Ahnsen bei Brueckeburg	Development and marketing of equipment and processes for optimization of biotechnological waste water and soil purification processes
Robotron Export-Import, Berlin	National Cash Register Deutschland GmbH	Joint sales of cash registers, personal computers and computer technology plus service
Fachschule fuer Binnenhandel Dresden, Aussenstelle Potsdam	Fachhochschule fuer Wirtschaft, West Berlin, Institut fuer Datenverarbeitung and Betriebswirtschaft GmbH, Bonn	Pilot projects for training and advanced training of instructors

### Increased Activity by GDR

In the past, the GDR hardly took advantage of modern types of cooperation of this sort. It hardly took part in the current trends in the international division of labor. It was not until the end of 1989 that a marked change took place—particularly in cooperation with the FRG but also with Austria and France. This was very much in evidence at the Leipzig Spring Fair in 1990. Increasingly, relations between many firms are no longer limited to the exchange of goods.

How is this cooperation proceeding in detail and what basic trends are observable?

At present, these are some of the major areas:

### Industrial Cooperation

This type of cooperation is being used for the most part in the rationalization of production processes, in the transfer of know-how, in research and development and in sales. According to the most recent studies conducted by the Federation of Chambers of German Industry and Commerce (DIHT), some 140 FRG companies are currently collaborating with the GDR on a total of 1,100 cooperative projects, which are divided into the following categories.

production under licensing agreement	20%
production under contract	17%
reciprocal subcontracting	15%
cooperation on sales	10%
third-country cooperation	10%
S&T cooperation	9%
processing under contract	7%
permissible production	7%
specialization	3%
other	2%

In addition to cooperation in production, some 1,500 FRG mechanical engineering companies—or about one-half of the members of the German Association for Mechanical Engineering and Industrial Construction—are interested in simpler types of cooperation with medium-sized enterprises in the GDR, e.g., cooperation in sales and maintenance.

These companies are not only looking ahead to the sales potential in the GDR but would also like to use close relations with GDR firms as a jumping-off point for further access to the CEMA area.

As the GDR economy opens up, the interest of small and medium-sized companies in taking advantage of cooperative arrangements keeps growing. As of late January 1990, the DIHT cooperation exchange had already received 7,000 offers of this kind, 4,000 of which came from the GDR.

Cooperation arrangements are also beginning to take hold in the sphere of circulation. The Saarbruecken firm of ASKO Deutsche Kaufhaus AG and the Association of GDR Consumer Cooperatives, for example, are planning jointly to set up markets for building materials, wearing apparel, furniture, and consumer goods in the GDR and to establish a chain of self-service department stores and supermarkets.

### Joint Ventures

In the future, the focus will increasingly be on joint ventures and at some point majority participation by the Western side will increasingly become the rule. In addition to major enterprises, medium-sized firms will also

be included in this type of cooperation on a priority basis in order to speed up modernization and rationalization in the thus far neglected small and medium-sized companies and to make them more competitive.

But all of the above merely represent the tip of the iceberg. According to a poll conducted by the Federation of German Employers Associations (BDA), one out of every four FRG companies is planning to move in this direction. Thus far, however, only one percent of the West German firms has actually gone ahead with this type of cooperative arrangement.

### Services

The service sector is beginning to take shape along the abovementioned lines. Particular interest is being shown in management training, development of market strategies, business management methods in social market economies, controlling, modern banking and insurance methods, consulting and engineering, tourism, etc. Examples of cooperation in this field include the participation of Allianz-AG Holding Berlin and Munich in the State Insurance Company of the GDR and the Kienbaum GmbH management consulting company, jointly operated by Robotron and Kienbaum. Not only combines but also the growing number of mid-sized companies are expressing great interest in such services—not the least reason being that they hope to open up new markets for their products by entering into cooperation on sales with West German manufacturers and department store chains.

There is also noticeable interest on the part of major West German banks in establishing a direct presence in the GDR in order to acquaint themselves with their business opportunities on the spot and to serve as intermediaries in providing information and services and in helping to organize cooperative undertakings. Almost all the major West German banks are already active in this field, e.g. Dresdner Bank, Commerzbank, Deutsche Bank as well as some Laender banks such as Westdeutsche Landesbank. DG Bank and some others are focusing their interest on GDR cooperatives and savings institutions.

### S&T Cooperation

Cooperative ventures of this kind were scarcely used for a number of years but are now developing rapidly in virtually all areas. As of late January 1990, the GDR and the FRG had reached agreement on 56 research projects—in ecology, energy, transportation, traffic, and telecommunications. A number of environmental pilot projects have been coordinated with the FRG, e.g., at the Buna, Espenhain and Magdeburg plants, and to set limits on emission and immission levels, to lower air pollution as well as pollution of the waters of the Elbe and Saale Rivers.

Even prior to the People's Chamber elections on 18 March, the GDR put out initial basic guidelines on attracting investment in cooperative undertakings and joint ventures. The recent decision to convert state-owned

enterprises into financing companies; the pending legislation on permitting foreign businesses to establish branch offices in the GDR; the legal guarantees on free enterprise and the new laws on income, corporate and property taxes combine to provide a solid foundation. These regulations need to be developed further and/or will be amended to some extent by the new government.

Cooperation between the two states must be fostered by the large enterprises of both as well as by a wide variety of mid-sized firms and entrepreneurs in both parts of Germany, if efficient solutions are to be achieved. Cooperative ventures such as the ones described above could go a long way toward breaking up the old structures and opening up new markets.

#### Selected GDR-FRG Joint Ventures

GDR Partner	FRG Partner	Field of Joint Venture
Robotron	Pilz, Kranzberg	Production of printed circuits
Robotron	Data-Print GmbH, West Berlin	Data processing systems
Berliner Bremsenwerk	Knorr-Bremse, Munich	Braking systems for rail transport and trucks, procurement of know-how
TAKRAF, Leipzig <sup>1</sup>	Thyssen Industrie AG	Plant construction, e.g., for waste processing and disposal
TAKRAF, Leipzig <sup>1</sup>	Mannesmann-DEMAG Foerdertechnik	Conveyer technology
Magdeburger Armaturenwerk (MAW)	Deutsche Babcock Werke AG, Oberhausen	Armatures for power plants and industry
Automobilwerk Eisenach	Opel, Ruesselsheim	Motor vehicles
IFA Ludwigsfelde	Mercedes-Benz	Manufacture of trucks; subcontracting, service, marketing, sales, exchange of know-how
IFA Zwickau	Volkswagen	Passenger cars
Kombinat Fortschritt Landmaschinen	Kloekner-Humboldt-Deutz	Manufacture of tractors
Niles, Berlin <sup>1</sup>	Baden-Wuerttembergische Maschinenfabrik Trumpf	Development, production, distribution of laser precision cutting machines
Fernmeldewerk Nordhausen <sup>1</sup>	Krone AG, West Berlin	Development and distribution of telecommunications equipment
"Biggi" Waltershausen <sup>1</sup>	VEDES-Gruppe	Toys
Spezialbaukombinat Weimar <sup>1</sup>	Strabag Bau-AG, Cologne	Hydraulic engineering projects

Londa, Rothenkirchen	Wella AG, Darmstadt	Cosmetics
INTERFLUG, Berlin	Lufthansa AG	Cooperation in civil aviation
INTERFLUG, Berlin	Condor (Lufthansa)	Charter flights (vacation flights)
DEUTRANS, Berlin	Speditionsguppe Harry W. Hamacher, West Berlin	Transportation, processing and logistical distribution of textiles
Rathenower Optische Werke	ASKO Deutsche Kaufhaus AG, Saarbruecken	Installation of optical specialty shops
Kombinat Minol	AVIA Mineraloel AG, Munich	Supply, logistics and distribution of mineral oil products
DEUTRANS, Berlin	PEMA Kraftfahrzeugshandels GmbH, Herzberg am Harz	Vehicle leasing and sales (with special emphasis on trucks and construction machinery)
INTERHOTEL; INTERFLUG	Lufthansa AG	Development, construction and operation of hotel projects
Datenverarbeitungszentrum Potsdam	Condatec AG, West Berlin	Telecommunications (distribution and installation of network systems and remote data transmission)

#### (1) Declaration of intent

In addition to these types of cooperation, a number of other joint projects [with the FRG] are likely to be entered into.

#### Energy Consortium

This could contribute to providing the GDR with an ample source of energy and to improving the environmental situation. Work on this has already begun: as of 1992, Ruhrgas AG will be supplying Thuringia with 2 billion cubic meters of natural gas annually. The Offleben power plant near Helmstedt (owned by Preussen Elektra) has been supplying electric power to the GDR since January 1990.

#### Traffic Consortium

The GDR transportation industry has long been taking part in transnational cooperation but German-German economic union will make far greater demands on it particularly in view of the growth in economic activity and tourism, e.g., the expansion of a rapid rail system between the GDR and the FRG which could eventually become the nucleus of a trans-European rapid rail system; the expansion of the highway system along with consulting and engineering services in the rail, energy and waterway systems and technology transfer among others. A joint GDR-FRG communications commission was formed in early January 1990 to deal with these issues.

### Building Industry

In this area the trend is toward cooperation on urban renewal as well as on housing, building and construction engineering. The regional commissions currently being created along the lines of those already in existence in the Berlin area and its environs or the one formed by Schleswig-Holstein and the three northern bezirks of the GDR can play a rather important role in helping transnational projects succeed, e.g., the communications infrastructure, energy production and environmental protection.

### Publishing Changes Reported, Western Takeover Feared

#### FRG Firms Make Inroads

90GE0070A Hamburg DIE ZEIT in German 6 Apr 90  
p 28

[Article by Peter Marx: "Pressure From the West—FRG Publishers Open the Market Up"]

[Text] Berliner Verlag in East Berlin, once upon a time the crown jewel in the old SED [Socialist Unity Party of Germany] newspaper empire, will probably soon be able to decorate itself with the sign of wisdom: with the owl, the company logo of the West Berlin Ullstein Publishing House. At this time, the Axel Springer Publishing House affiliate is believed to have the best chance of getting the additional business from the neighboring publishing house. They are putting out just about a dozen titles along with BERLINER ZEITUNG, the program supplement FF DABEI, as well as the women's journal FUER DICH.

Essen publisher Guenther Grotkamp, with his WAZ [WESTDEUTSCHE ALLGEMEINE ZEITUNG] Group, is still considered the toughest competitor. The periodical publishing houses, Bauer and Burda, which reportedly are interested only in individual titles, are traded only as outsiders.

For a long time, the Hamburg periodical publishing house Gruner + Jahr looked like the most promising candidate. The Hanseatics moved fast and invited the East Berlin top publishing house's management to Hamburg a few days after the Wall was opened.

But Gruner + Jahr was unable to make a decision: sometimes the Hanseatics wanted the entire publishing house and sometimes only individual parts of it. The rest was then taken care of by the Gruner + Jahr board of directors chairman himself. During a meeting in the "Johannishof" Hotel in East Berlin, Gerd Schulte-Hillen reportedly first of all read the riot act to the chief editors and leading employees according to persons who attended the meeting. He not only described the East Berlin publishing house as ineffective but also raised a stink about journalistic work in the editorial offices. The chairman of the board however did not want to rule out a partnership, assuming the East Berlin publishing house

would first of all fire a large part of the 1,100 employees. The meeting however was worthwhile nevertheless for Michael Buschner, the editor in chief of BZ AM ABEND, a scandal sheet: "Since then we have known what is coming down the pike toward us."

Whoever gets the additional business, the Berlin Publishing House does expect pink slips to go out. Neither Ullstein, nor the WAZ Group guaranteed jobs and the preservation of the publications. The WAZ concern wants to rule personnel discharges out only during the transition phase while the Springer Publishing House has made the discontinuation of periodicals and newspapers contingent upon the particular situation on the market.

In the meantime, the Berlin Publishing House does not have enough time to look around for better offers since the Western publishing houses are in the process of carving the GDR market up among themselves—contrary to all understandings with the GDR Government and the Media Control Board. They are proceeding with the kind of brutality that reminded Hermann Meyn, the chairman of the German Journalists Association (West), "of the conquests by the Spanish Conquistadors." This is having disastrous consequences for the print media in the GDR which, according to the latest statistics published by the GDR Post Office (which holds the sales monopoly), lost around 3.6 million subscribers.

This wave of notices issued to personnel has also hit the current flagships of the Berlin Publishing House: the television journal FF DABEI and the women's periodical FUER DICH lost subscribers by the thousands. FF DABEI, in the old days the biggest TV journal in the GDR with a circulation of 1.5 million, could become the first victim of the invasion by the West German publishing houses. This magazine is being ground down in the war over circulation and market shares between Bauer, Springer, and the Burda/Gong combination which are now dumping their colorful television magazines on the market at an exchange rate of 1:1. The same fate also threatens FUER DICH since it is obviously immaterial to Gruner + Jahr and to the Jahreszeiten Publishing House whether they get money in East or West currency for their women's magazines BRIGITTE and FUER SIE.

Publishing house manager Gerd Hoelzel was the first to detect the difficult situation in which the Berlin Publishing House finds itself. Hoelzel, a holdover from the SED era, must today share his power with two new business managers: Peter Pankau, the publishing house documentation manager, and Hans Eggert, the editor in chief of BERLINER ZEITUNG. In the meantime, the PDS [Party of Democratic Socialism], the successor to the SED, has picked Friedrich-Wilhelm Metzeler, a Duesseldorf attorney and bankruptcy trustee, as its adviser. He is to prevent the publishing house managers, who are inexperienced when it comes to a market economy, from being taken to the cleaners by their Western partners.



The new publishing house management is forced to make a quick decision because the personnel force keeps grumbling ever more loudly. It is sick and tired of the many months of alternately good and bad news, spiked with rumors and half-truths. "In the morning you have been sold out to Springer and in the evening you belong to Gruner + Jahr," a female staff member said in describing the mood in the editorial offices. And a female fellow worker of hers noted that she had been avoiding the snack bar on the fifth floor for a week. "There is always somebody who knows for sure that the shop is going to be closed down next week."

Individual editorial offices therefore prefer to go their own way. It is especially the journalists of BZ AM ABEND and of BERLINER ZEITUNG who have displayed a new self-confidence after they were able to increase their circulation in spite of price hikes and in spite of competition from Western newspapers. The founding of companies with personnel participation and financial participation by a Western publishing house is currently the most popular discussion topic on the editorial office floors.

This is why developments at the former FDJ [Free German Youth] fighting journal JUNGE WELT are being watched with interest; of course, it also resides in the highrise building on Karl Liebknecht Street but it has nothing to do with the Berlin Publishing House. JUNGE WELT, still the GDR daily with the biggest circulation in spite of 400,000 subscriber cancellations, has been converted into a limited liability company where all employees can acquire shares of between 1,000 and 5,000 GDR Marks, plus corresponding voting rights.

For Peter Pankau, the new business manager, such discussions do not constitute grounds for worry; instead, he views them as a normal process. "It just so happens that we are thinking deeply." Another thing he considers normal is the conversion of Berliner Verlag into a limited liability company on 20 March, entered in the Trade Register of the Central City District, represented by a publishing council headed by Pankau and Eggert. This is to demonstrate more independence at least toward the outside. But the publishing house still is dependent on PDS, the SED successor, because the only partner is the old SED newspaper holding company Zentrag which in the past managed all publications owned by the party in economic terms and the party has not the slightest intention of voluntarily yielding this inheritance. Instead, it expects to get several million Western Marks for the party treasury from the partial sale of the publishing house. At any rate, three-digit million figures are being talked about as sales price.

Both West and East expect that the decision will be made during the next several days. The negotiations at any rate are moving forward briskly since the East Berlin publishing house is also prepared to negotiate on possible individual partnerships in periodicals and newspapers. So far, a package solution has been favored. It called for minority participation up to a maximum of 49 percent in

the entire publishing house; but this was a financial risk that was entirely too big for most of the Western publishing houses.

There is a very good chance that the Springer Publishing House could play a similarly dominant role on the East Berlin newspaper market as it does in the Western part of the city—where Springer controls 80 percent—even though Helmut Reichert, of the Ullstein publishing house management, qualifies that idea by noting that there is interest only in parts of the publishing house. Spatial proximity at any rate speaks for the Ullstein Publishing House. It can immediately offer its future partners an intact advertisement and sales system as well as adequate printing capacities. The journalists, on the other hand, sympathize with the WAZ concern which, to be sure, will require at least four years before the promised printing center can be built.

The Federal Cartel Office in the meantime is carefully keeping track of the negotiations and it is doubtful whether the competition watchdogs will approve the publishing house plans. But that, according to Peter Pankau, "is solely the problem of the Western partners."

#### New NEUES DEUTSCHLAND Profiled

90GE0070B *Alma Ata FREUNDSCHAFT in German*  
7 Apr 90 p 2

[Article by Igor Trutanov: "NEUES DEUTSCHLAND Continues To Be Popular"]

[Text] The winds of perestroika, born in Moscow, have turned into a storm in Eastern Europe which swept away the historically outdated regimes in the countries of our Bloc. In the GDR, it furthermore destroyed the notorious Berlin Wall—the symbol of the "Cold War." We Soviet people, like people in the European countries, are eagerly following political processes in the GDR. Reports on these events rivet the attention of millions of readers and television viewers, like reports from a theater of war. For many information-thirsty readers in the Soviet Union, NEUES DEUTSCHLAND is one of the most reliable sources of information on GDR-style perestroika.

ND [NEUES DEUTSCHLAND], as it is referred to for short in the GDR, is also in itself a symbol of change. ND reacted to the new times with a more current content and with a changed masthead: the editorial office dropped the obsolete slogan "Proletarians of All Countries..."; ND was no longer the mouthpiece of the SED [Socialist Unity Party of Germany] Central Committee but of the entire Party of Democratic Socialism; the snobbishly bold face letters of the newspaper's masthead were replaced by friendly and looser ones.

NEUES DEUTSCHLAND, the socialist daily, now speaks openly and honestly about problems in the economic and social sectors of the republic. ND also objectively and critically describes abuses in the Soviet Union, something which was still absolutely taboo a short time ago in the GDR.

Just recently, I established contact with Dr. Wolfgang Spickermann, the editor in chief of NEUES DEUTSCHLAND, and I asked him to tell the readers of FREUNDSCHAFT about his newspaper.

"I began to work for ND shortly after finishing my physics studies in 1971; at that time, I was the natural sciences editor. I have been our newspaper's editor in chief since the middle of November 1989. Including the foreign correspondents and the correspondents in the 15 districts of our country, ND employs 200 persons," Dr. Wolfgang Spickermann told me.

I now wanted him to tell me whether all staff members of the socialist daily are members of the Party of Democratic Socialism.

"In the past it was necessary for the editors to be members of the SED. Now, membership in the PDS [Party of Democratic Socialism] is not required if the particular employee otherwise subscribes to the goals of a democratic socialism," the editor in chief commented.

After the destruction of the Berlin Wall and the opening of national boundaries, West German press publications flooded the GDR. Every GDR citizen can now buy DER SPIEGEL, STERN, and BILD ZEITUNG as well as others at any newsstand for GDR Marks; these publications had been strictly prohibited in the German worker-and-peasant state only five months ago. The papers put out by around 30 newly-formed mass organizations and citizens' movements also contribute to the pluralism of opinions. The political scene in the GDR is currently enviably colorful: the Greens, Social Democrats, Pacifists, Anarcho-Syndicalists, and others freely propagate their ideas through their press publications. Under these conditions, NEUES DEUTSCHLAND now has very many competitors on the GDR press market. But ND continues to be competitive.

"Our daily circulation is currently just as big as it was a year ago; it comes to about 1.1 million copies," Dr. Spickermann confirmed.

I also asked the editor in chief what he thought about his country's future.

"Nowadays it is very difficult to make any predictions for the future of the GDR. Personally, I figure that economic reforms will take effect quickly in order to guarantee the social values of the people and to stabilize the political situation. That is the best foundation for promoting the unification of both German states step by step in the interest of the citizens of both countries."

In conclusion, the editor in chief of NEUES DEUTSCHLAND cordially greeted the readers of his newspaper in the USSR and wished all Soviet citizens much success in the process of the democratic transformation of our society.

Igor Trutanov, FREUNDSCHAFT correspondent

### Combine Books To Be Audited

90GE0036B Munich SUEDEDEUTSCHE ZEITUNG  
in German 19 Mar 90 p 25

[Article by "lsb": "The Moment of Truth Is Approaching for GDR Combines"]

[Text] Starting this week the moment of truth is approaching for GDR industry: Western auditors will examine the combines, looking particularly at assets, that means assigning a value to machinery, buildings, and semi-finished products, and as a result establishing the basis for beginning balance sheets in West German marks. This evaluation is a pillar of the planned economic union and/or currency reform. Even now it is evident that in the event of a conversion of the GDR mark to the West German mark at a ratio of 1:1, a large number of major enterprises would have to shut down because of excess debt.

For the great majority of managers in the GDR, even party-line SPD [Social Democratic Party] members, it has become obvious that they will have to convert their "publicly owned enterprises" into corporations as soon as possible. Not until then can they mobilize new capital, through (partial) privatization or foreign participation.

Often a breakup of the concerns is possible only on this basis. For example, at the VEB [State enterprise] combine Electronic Components, Teltow, where the auditors will arrive this week, the feeling is that against this backdrop they are happy to be one of the first to be examined. With its 28,000 employees, the concern is one of the first industrial enterprises scheduled to be converted into a stock company, if possible by May or June.

### The Stock Market Appears in Flights of Fancy

In flights of fancy there are even thoughts of a visit to the stock market. Friedrich Wokurka, for example, director general of the VEB Robotron combine in Dresden, announced the conversion of the computer undertaking into a corporation at the conclusion of the Leipzig Fair.

To the irritation of their creditors, the foreign trade operations of a number of combines have been partially converted into corporations. For example, WMW Export-Import in Berlin, the joint foreign trade enterprise for GDR machine tool construction—at least formally—was split up into 10 limited liability companies, some of which have their own subsidiaries. The financial statements for these companies are not yet available, but they are very probably undercapitalized: WMW Export-Import at least estimates its current assets at M 3.1 billion, more than 100 times the amount of its capital stock (M 25 million). Banks in the FRG are assuming that the obligations incurred until now, which are the particular result of buying on deferred payment terms, are still secured by the State.

Evaluation of publicly owned combines by FRG standards is necessary not only for a start in the market

economy, but also to determine details concerning currency reform and to establish a beginning balance sheet in West German marks. Book values certainly exist, for buildings and machinery for example, but they bear little resemblance to reality, as managers in the GDR are now conceding in the interim.

Secondly, as one manager at the 7 October machine tool plant in Berlin admits, the factories would have had to take in effect a double write off on a lot of machinery. The reason is that what is known as the production fund levy, comparable to capital profit tax assessment in the FRG, is linked to the value of fixed assets. And because the State wanted a tax flow in spite of low investment at many plants, the depreciation regulations were written accordingly.

#### Worthless Assembly Lines

Reading between the lines, GDR managers in Leipzig admitted that as a result the enterprises' capital according to FRG practice is considerably lower than their current book value. Added to this is the fact that in the event of economic union, a large number of assembly lines will simply become worthless, because no competitive products can be built on them. Evaluation is also difficult because in view of the plans for new trade regulations within the East Bloc, the development of GDR exports there can barely be predicted.

Currently about two-thirds of the GDR's foreign trade is with the countries of the Eastern economic community, CEMA. Basic capital is also a special problem; the prices for it are set by the State at an extremely low level, and it cannot be foreseen when the transition [will be made] to market prices in this area. Many factories appear to have no concept at the moment of whether they are indebted or not if they are valued in a fairly realistic manner.

#### No Savings

On the other hand, the economy of the GDR was not allowed to accumulate any savings, and only as an exception was it possible to create reserve funds. Instead, all the profits had to be transferred to the State each year, which then made various money pots available, for example, for repairs, or for research and development. Not without reason Wokurka, the head of Robotron, at the Leipzig Fair appealed for the cancellation of obligations as part of a currency reform. At the Carl Zeiss combine in Jena, the deputy director general indirectly admitted that in spite of fixed assets worth M 10 billion they would not be credit worthy if the currency union were to happen overnight. Yet these two concerns, along with the combine for microelectronics in Erfurt, or in large-scale chemistry, very probably received a highly disproportionate amount of the investments—which were financed on credit.

## POLAND

### 'Desperate' State of Steelworks Industry, Potential Viewed

90EP0499A Warsaw ZYCIE WARSZAWY in Polish  
6 Mar 90 p 3

[Article by Jacek Swidzinski: "How the Steel Got Soft"]

[Text] For a long time now, the iron and steel industry has been the favorite "whipping boy" in Poland—either for polluting the environment or for being uneconomical. Much of it is true. However, it is also true that, if we were to liquidate the industry entirely, we would have to spend \$4.5 billion annually for importing metallurgical products. Where are we to get these dollars from...

The iron and steel industry is the foundation of industrial production; in turn, industry generates more than one-half of our national income. without steel, there will be no housing construction, no agriculture, no cars, no railroads—in principle, all spheres of life require steel. Statistics are unmerciful: We produced the largest amount of raw steel in 1980—19.5 million tons; last year—only 14.6 million tons, and this year we can expect to produce another 100,000 tons less.

#### Illusory Potential

We have 22 steel mills, including two combines (what was once Lenin steel mill, which is now called the Sedzimir steel mill and the Katowice steel mill) and five machine building steel mills. In general, the Polish iron and steel industry consists of two parts: German steel mills geared to the production of armaments and taken over after the war are the first part, and steel mills built with Soviet assistances and designed to manufacture mass products—structural elements for construction, steel for heavy machinery, and so on, are the second part.

The following comparison shows the unfortunate structure of the Polish iron and steel industry: In trade with socialist countries, we receive one ton of metallurgical products for 1.2 tons of Polish products whereas in trade with capitalist countries this ratio amounts to 4 to 1.

#### Illusory Investment

However, historical reasons are one thing, and insufficient investment in the Polish iron and steel industry is another. This statement may awaken a protest reflex in many people.

There has been virtually no investment in the iron and steel industry in the past decade. This industry has not been modernized to a meaningful degree. What is the result? In the West, final products amount to 90 percent of the entire output of raw steel whereas in Poland this share barely comes to 75 percent. One ton of raw steel in four "perishes" in processing!

In the Polish iron and steel industry, the coefficient of total amortization amounts to 30 percent; in everyday

parlance, this means that, in theory, one-third of the Polish iron and steel industry should not exist, but it continues to produce—expensively and in an obsolete fashion. The average age of open-hearth furnace plants in Poland amounts to 67 years! Good enough for a museum.

### Mediocre Quality

The false image of our iron and steel industry goes back many decades. Propaganda enticed us with millions of tons, blast furnaces breathing fire, and thousands of steelworkers in May Day parades. Meanwhile, the world got away from us...

The point is not only to produce steel but to do it inexpensively and in a modern manner. This is an opportunity which electric furnaces provide. Their output in Poland accounts for 6 percent whereas in Japan for 90 percent. In our country, the open-hearth furnaces which effectively pollute the environment, are inefficient, and do not produce high-quality steel still dominate. Two years ago, we had to spend \$0.25 billion to import high-grade steel. Such steel is necessary to produce ball bearings, instruments, and products which resist corrosion (for example, sheet metal for washing machines!).

Steel processing largely amounts to rolling. In Poland, hot-rolled sheet products account for 30.5 percent of output whereas in the United States—62 percent, in France—60.5 percent, in the FRG—58.5 percent, and in Japan—58 percent. Meanwhile, this is the basis of all consumer-market products of the machine building industry.

The situation with the so-called ferroalloys, additives needed to obtain high-grade steel and special steel, is disastrous. The import of manganese from the USSR is in trouble; we are already eyeing Gabon and Burkina Faso. We have problems with chrome and nickel. At the same time, the Polish ferroalloys industry is falling apart; the Siechnica Mill is a case in point.

### Not a Trivial Dilemma

We are facing a tremendous dilemma: Should we write off our domestic iron and steel industry and import metallurgical products of the best grades, or should we invest. If we are to import, then where is the money to come from? We are glad to see new Fiat models made at Polish plants, but few people ask where the sheet metal for the body is coming from. Is it from Italy? We want to develop the agricultural machinery industry. Where are we to get steel with greater strength? We can go on for a long time offering such considerations. Concerning, say, disposable syringes, where are we to get steel for the needles...

Therefore, we are to invest. Where is financing to come from? The current policy of hard money does not leave a lot of leeway to the steel mills, despite finally giving them the right to freely set prices for their products. Investment projects in this industry are expensive. The steel industry complains of the high dividends which it has to pay. They would like for the enterprises to retain the dividends and thus secure the funds needed. However, if

the government lets the steel industry retain the dividends, the pharmaceutical industry, the foodstuffs industry, machine building, and so on will immediately claim the same.

Creating a joint venture would be another way out. The American corporation Geneva Steel is interested in such an undertaking in Nowa Huta, as well as buying out the steel mills in Czesochowa and Warsaw. What will come out of it? It is unknown. The Americans are offering modern technologies but they want to lay off many steel workers. Will the trade unions, which are strong in this industry, go along with this?

Setting up partnerships of steel producers and consumers would be yet another way to prevent the collapse of the Polish iron and steel industry. In this event, the customers would have much more influence over the suppliers which, having secured funds for the necessary investment projects, would nonetheless be obligated to produce the kind of products which a partner requires.

The list of complaints of the Polish iron and steel industry is long. It is easy to scream that we need consumer products, it is easy to demand better implements for agriculture, it is easy to call for the development of housing construction. It is more difficult to answer the following question: What are all of these to be made with since at the same time they are calling for the liquidation of the iron and steel industry? Inland production of cold-rolled strips meets only 20 percent of the needs of our country, and the situation with pipes is similar. Only 30 percent of rolled goods for construction come from our domestic industry.

In the saloons of the Wild West, notices were posted saying "Don't Shoot the Pianist!" In Poland, posters saying "Don't Shoot the Steelworkers!" should be displayed in the 1990's.

### Continued Dependence on Central Decisionmaking Noted in 'CUP' Survey

90EP0499B Warsaw RZECZPOSPOLITA in Polish  
6 Mar 90 p 2

[Article by Krzysztof Bien: "The Center Will Not Help"]

[Text] Reports prepared every 10 days on the basis of the CUP [Central Planning Administration] questionnaires suggest that in mid-February:

- the recession trend in production abated (34 percent of the enterprises reported reductions whereas previously 50 percent did);
- in 60 percent of the units polled, prices did not change; 23 percent of the enterprises reported reductions;
- they were trying to combat the demand barrier by, among other things, negotiating prices with suppliers;

- price reductions and rebates (17 percent in the case of the Polam-Pila enterprise) were yet another method; they were effective because they promoted the growth of sales;
- voivodship budgets were beginning to experience financial difficulties as well; a 40-percent decline in production in January in Siedlce Voivodship forced the authorities to obtain commercial loans which caused further restrictions on funding;
- the situation in agriculture was mixed; in some regions, the basic herd was being sold whereas in others (Biala Podlaska and Zamosc Voivodships) private farmers were showing greater interest in nitrogenous fertilizer and purchases of cattle for breeding;
- unemployment was growing;
- exporters to the socialist countries complained in unison about the low exchange rate of the ruble; however, in the opinion of other producers, the demand barrier in the domestic market provided an opportunity for exports to the second payments area [hard currency-denominated trade]. Among others, the Jarocin Furniture Factory, the Enterprise for Livestock Trading, the Nitrogenous Fertilizer Plant in Wloclawek, the Swarzedz Furniture Factory, and the Ovita Enterprises in Opole were taking advantage of this situation;
- an increasing number of enterprises used cheaper imported supplies (Telkom-Teletra in Poznan, Romet in Bydgoszcz, and the FSM [Compact Car Plant]);
- payments in arrears continued to grow (83 percent of the enterprises surveyed had to deal with them); the timeliness of payments was not improving despite the high rates of interest;
- units whose ability to repay loans was in danger were already appearing; on the other hand, it did happen that enterprises considered the feasibility of changing the bank they use (the Mining Equipment Plant Glinnik in Gorlice).

In summation, the economic situation was stabilizing somewhat at a low level of production. The units surveyed were beginning to adjust to a changing environment. However, many of them were still expecting some centralized decisions to be made and solutions to be offered which obviously runs counter to the logic of the new economic order.

#### **'Pewex' Seeks Franchise Partners, Plans Total 'Zloty' Sales**

90EP0499C Warsaw RZECZPOSPOLITA in Polish  
6 Mar 90 p 2

[Article by A.S.: "A Leased PEWEX Shop"]

[Text] A beginning has been made. PEWEX [Internal Trade Enterprise] has set up a leased shop and intends to

develop rapidly this and other forms of a more privately-owned variety. Perhaps, leasing is not the most accurate description in this case. After all, PEWEX is looking for agents who have their own or rented space or vehicles in order to make its goods available to them for sale.

The first agent in the Brodno [quarter of] Warsaw has a shop in his house (the business is open around the clock). He negotiated with PEWEX a commission of 8 percent of sales (in zlotys, after a conversion at the current exchange rate—at present 9,500 zlotys to a dollar). He pays the cost of operation himself, including taxes on the remuneration of employees. PEWEX insures the merchandise, pays the turnover tax, and finances transportation.

The Warsaw PEWEX which serves 12 central voivodships eagerly engages in cooperation with those who have their own commercial premises in the rural areas and in small towns. In these locations, opportunities for the sale of PEWEX goods are good. More than 60 merchants already involved in itinerant sales from cars in these areas for [a commission of] five percent of sales. PEWEX also offers its merchandise to those who can sell it in hotels, on the railroad, and so on.

From next year on, PEWEX will switch entirely to zloty-denominated trade. Therefore, it wants to expand the chain and to become a competitor for various companies trading in foreign goods which have recently appeared in the market. As it were, it cannot be ruled out that some of the current PEWEX outlets will be liquidated. After all, they are operated by state and cooperative trade enterprises (the WPHW [Voivodship Domestic Trade Enterprise] and Spolem) which certainly will not last long in their present format.

#### **Sulphur Exports to Soft Currency Countries Halted**

90EP0490A Warsaw GAZETA WYBORCZA in Polish  
3-4 Mar 90 p 4

[Article by (pn): "Sulfur—Stop"]

[Text] Effective 1 March, the Siarkopol in Tarnobrzeg suspended exports of sulfur to countries trading in rubles. The mine receives 110 rubles per ton of sulfur sold to socialist countries. At the rate of 2,100 zlotys to a ruble this yields about 250,000 zlotys. In the second payments area [hard-currency denominated trade], one ton fetches on the average \$90, or 855,000 zlotys. The mine secures similar prices in the domestic market.

The unprofitability of sulfur exports has been caused by the excessively high exchange rate of the transferable ruble to the dollar.

As the director of the Siarkopol for economics told GAZETA WYBORCZA, the cost of producing one ton of sulfur amounts to about 400,000 zlotys. This means that the mine loses about 150,000 zlotys on every ton shipped to "the democratic peoples."

The Siarkopol was planning to export about 1 million tons of sulfur to the ruble zone this year. If the current price persists this would mean tremendous losses and almost certain bankruptcy. The Siarkopol will resume exports to the countries trading in rubles only when prices for sulfur sold in the first payments area [ruble-denominated trade] are comparable to the world prices.

### **'Cosmetic' Changes to Joint-Venture Law Criticized**

90EP0490B Warsaw RZECZPOSPOLITA in Polish  
3-4 Mar 90 p 2

[Article by M.K.: "Joint Ventures: Regulations and Reality"]

[Text] Larger amounts of foreign capital are somehow not coming to our country. Numerous joint-venture companies amount to rather small investment projects with a minimum of participation by foreign capital.

Participants in a seminar on 2 March of this year at the Institute of Economic Trends and Prices agreed with the thesis of Dr. Ewa Sadowska-Cieslak that the current law on joint-venture companies is a vestige of democratic centralism. It simultaneously allows for interference with even the distribution of profits and the size of share contributions while announcing freedom for investors. The ability of companies to issue only shares for specific bearers effectively hampers the development of a capital market.

The operation of the Agency for Foreign Investment to date has drawn criticism. It has been involved mostly in the analysis and verification of petitions [to set up joint ventures] and has not pursued a policy of cooperation with foreign partners.

Cosmetic changes made in the law in December of last year likewise accomplished nothing. After all, at issue is the development of a legal act which would substitute effective economic methods for administrative verification.

### **Energy Cost Increases Spur Talk of Exports**

90EP0490C Warsaw GAZETA WYBORCZA in Polish  
1 Mar 90 p 2

[Article by (rs): "The Power Industry Without the Conglomerate"]

[Text] General director of the Power Industry and Brown Coal Conglomerate approached the minister of industry with a request to increase energy prices for the population by 30 percent every two months beginning in April. The raises are unlikely to apply to industry in order not to increase inflation.

Electricity has to become more expensive because power plants will pay sizable fines for polluting the environment.

The situation could be alleviated by exports of electricity because there is a surplus caused by a decline of 8 to 10 percent in the needs of industry. However, given the current rate of the turnover tax, such exports are not profitable.

The situation in the power industry was discussed on 26 and 27 February at the National Coordinating Conference of the Employee Councils of the Power Industry Enterprises. The Sejm has adopted a law on state enterprises and on the liquidation of the conglomerate. Very shortly, 35 power companies will be taken out of the conglomerate. For a certain period of time, another 68 companies will remain in the conglomerate.

The concept of reorganizing the power industry is being developed independently by three groups—the ministry group, the deputy-Solidarity group, and by the conglomerate group.

The deputy-Solidarity group believes that the power industry should not be subsidized from the central budget but rather from the local budgets (if the enterprises are going to be municipal property). Privatization of the power stations is under consideration (their transformation into companies with the sale of shares, thus tapping private capital). The power stations will be also be able to obtain preferential loans guaranteed by the state.

The National Compact of Employee Councils has elected Wacław Krzywoszynski its chairman and will petition for registration with a court.

As we were told at the Ministry of Finance, no abrupt and significant increases of electricity prices are expected in the weeks to come. The proposal of the conglomerate has not yet reached the Ministry of Finance. The ministry does not consider possible the increase of coal prices, which is what the Hard Coal Conglomerate has requested.

### **Advice, Financial Services Offered by New Investment Group**

90EP0490D Warsaw RZECZPOSPOLITA in Polish  
1 Mar 90 p 2

[Interview with Andrzej Wroblewski, president, NYWIG Investment Group, by Krzysztof Bien; place and date not given: "Knowledge Comes at a Price"]

[Text] [Bien] You avoided a specific answer to my question concerning your further plans when we talked last time, in November of last year. It is now known that you are joining the business world. Have you already had your first experience?

[Wroblewski] Business world may sound too grand at this point. I am chairman of a limited company set up by the Bank PKO [General Savings Bank] Limited and The Fund of Servicing the Foreign Debt which is called the NYWIG Investment Group. In the most general outline,

the goal of the group is to provide counseling on investments and legal issues and financial services for domestic and foreign investors in our country.

[Bien] Consulting is a fashionable occupation now. Perhaps, you are running into a lot of competition.

[Wroblewski] Not really. Indeed, many consulting companies are being set up, but an overwhelming majority of them handle only the stage of preparing the necessary documents for institutions which require them so that a new company, for example, a joint venture company, could begin operations. For example, this consists of the drawing up of a preliminary analysis of an undertaking for the parties which have already agreed between themselves on the terms of this undertaking.

For its part, the NYWIG company has taken up an earlier stage, that is, seeking business which, as they say, is worth the effort. Therefore, we find a party which has an idea or money, and put them in touch with one another. The market for such services is still quite limited. Likewise, we are merely taking our first steps in this field; however, we perceive new opportunities for operations opening here. Actually, these operations are necessary if a market economy is what we are striving for.

[Bien] Of course, we are talking here about the interface of domestic and foreign businesses.

[Wroblewski] Yes, but not only. There is money in the country but, like foreign money, it comes at a price. Everything depends on the objective for which it is used and the conditions of financing. This is associated with evaluating enterprises and the profitability of the capital investment solicited by them (incidentally, we also want to get involved in this).

[Bien] What you are discussing calls for changing the consciousness of the cadres managing the economy. Will there be enough customers for you?

[Wroblewski] There certainly will be. However, it is true that in Poland not only a market is lacking but also the experience of operating various market institutions—exchanges, banks, insurance, and consulting. We now have to learn all of this at an accelerated pace. This is why much attention should be paid to all forms of personnel training.

NYWIG also takes part in this together with the London company First Europe Equity and Bond Co. which is already known to many of our directors, sponsoring at present a new round of seminars devoted to banking and the operation of capital markets. The November and December seminars were of a very preliminary nature. This time, we are offering the participants a more detailed study of not only what an exchange or a bank are about but also of specifically how various financial operations are performed.

Therefore, we offer instruction in the details of accounting, asset valuation, financing of various transactions, and privatization of assets (the lectures are in Polish). The first seminar will last 5 weeks and will begin as early as 5 March. More details may be obtained by calling 28-28-92, 28-30-03, FAX 29-80-07, and telex 814905.

[Bien] What is the cost?

[Wroblewski] Four million two hundred thousand zlotys.

[Bien] It is expensive.

[Wroblewski] This is how much the entire five-week course costs. However, it is possible to take part in just some classes of the seminar which, of course, is cheaper.

### **More Plants Pursue Group Layoffs, Unemployment Benefits on Rise**

90EP0493B Warsaw RZECZPOSPOLITA in Polish  
7 Mar 90 p 2

[Article by M.K: "Unemployment on the Rise"]

[Text] For two months we have been starting to feel unemployment on our own hides. Even if we believed that it would occur, it was rare for people to think that it would affect them personally. We were not accustomed to the possibility of losing our jobs. Anyone who needed a job received one. It was just about impossible to be fired. Today there are 1,803 plants that have announced mass lay-offs.

Between March and June about 74,000 people will become unemployed owing to employer-related causes. Group lay-offs will affect employees of Autosan in Sanok (1,500 jobs), the Kasprzak Radio Plants in Warsaw (1,100 jobs), Stomil in Sanok (798 jobs), Unitra-Cemia in Warsaw (750 jobs), the Glinnik Drilling and Mining Machine Factory in Gorlice (700 jobs), and the Sintur Invalids Cooperative in Turek (200 jobs, including those of 140 invalids).

The unemployment figures rise from day to day. In February alone, the figure just about tripled compared to January (from nearly 56,000 as of 31 January to more than 152,000 as of 28 February). The payment of benefits for people registered as out of work is no longer a sporadic phenomenon. Last month alone, 43,000 unemployed persons collected a total of about 4 billion zlotys at the benefits windows.

The benefits lines are certain to become longer. Employment offices have fewer and fewer job listings. As of 31 January applicants were being sought for more than 35,000 positions, but there were only 20,000 job openings by the end of February.

Women definitely have more problems finding jobs than men. There are 144 unemployed women for every ten job openings, but only 57 unemployed men. The largest number of unemployed women are registered in the

voivodships of Bydgoszcz (2,851), Lodz (2,778), Olsztyn (2,584), Konin (2,256), Torun (1,992) and Lublin (1,983).

### **French-Polish Foundation Established for Economic Help, Training**

90EP0487D Warsaw RYNKI ZAGRANICZNE  
in Polish No 31, 20 Mar 90 p 7

[Article by T.L.: "'France-Pologne' Foundation Begins Operations"]

[Text] It was formed with the idea of helping Poland prepare cadres for the reformed economic system. It has a fund of about Fr100 million for 1990-93, money donated by the French government, banks and private firms. It is possible that further financial support will be forthcoming.

The foundation is giving priority to the following areas: Assistance in the creation of territorial self-management and municipal management, development of agriculture and the food industry, management of enterprises, restructuring of industry, installation of modern banking and financial systems, and environmental protection. With the idea of training officials for the state administration, the French are prepared to accept 40 persons from Poland for one-week courses. The general management of local communities is ready, during this quarter, to arrange several weeks of on-the-job training for several of our specialists.

Assistance to the agricultural sector will be preceded by a visit of French specialists to our country. These specialists wish to become acquainted with the level of teaching in agricultural schools and the methods of disseminating knowledge about technical and organizational innovations in this sector. It is expected that in this way a lasting cooperation will be begun between teaching circles, and that an exchange of experience at symposia and conferences sponsored by the Foundation will become normal practice.

The offer to train management cadres appears to be the broadest. A group of "Euroconsultants" is organizing seminars, lasting a few weeks, on such subjects as self-management, management of groups of people, and organization of time. Ecole de Formation aux Matiers de la Communication proposes to send a team of professors to Poland. The well-known CEPIA (computer and automation practical research center) will help form a French center in Poland to train cadres interested in teaching the following subjects: Management in industry, the functioning of modern banking systems, and methods of conducting local administration. Next, the French institute of management in Paris is willing to place about 2,000 people for on-the-job training. Also, the French ministry of industry and local economy has its own plans regarding the education of managers in small and large enterprises.

France has already restructured its industry to function in a fully integrated Western Europe, thus the Foundation's program also provides for the utilization of French specialists in the changes which will be made in the Polish coal industry, metallurgy, and shipbuilding. At the same time, emphasis is being placed on the new fields, such as computer science. The well-known SEMA Group will be in charge of two-month training courses for about 100 of our computer operators, and will be assisted in this by PKO, Metronex and Euronex.

Attention is called to the repairs program which will be implemented by the Foundation using French specialists not only for training, but also for specific repair and overhaul jobs in enterprises.

### **Improvement in Polish-Swedish Economic Relations Viewed**

90EP0487C Warsaw RYNKI ZAGRANICZNE  
in Polish No 32, 22 Mar 90 p 2

[Article by TER: "Poland-Sweden: Good-Neighbor Relations"]

[Text] Mrs. Anita Gradin, Sweden's minister of foreign trade, when asked about the present relationship of her country and the Swedish people to Poland, replied: "Sweden and Poland are neighboring states on the Baltic Sea, which is why our close economic cooperation is a natural thing. We follow with great interest the economic reforms taking place in Poland; the introduction of a market economy will undoubtedly increase the possibility of the expansion of trade between our countries."

The statement may sound like a "slogan," but this time perhaps we should put more stock into it than in the past because Mrs. Gradin came to Poland on a three-day official visit and also led an economic mission, made up of several people, to our country. The talks and meetings held in Warsaw, therefore, had two dimensions: on the one hand, the "ministerial" dimension, and on the other hand, the more concrete "working" dimension. It may be expected that the governments of both countries will in the future make an effort to build the right infrastructure for the future development of economic relations, and that the representatives of business will take advantage of the opportunities which appear.

Although trade turnovers between Poland and Sweden have been stagnant recently, attention is called to favorable changes in our export to the Swedish market. The share of raw materials is shrinking quite rapidly in favor of products from the electromechanical industry, sales of which are quite frequently the result of coproduction relations. Last year, Polish export to Sweden totaled \$287 million, while import amounted to approximately \$190 million. Of course, a great deal could have been purchased on that market, but we are limited by our ability to pay, and the Swedish partner is not helping us very much in this. It has not renewed either government credits or credit guarantees.



However, Swedish enterprises have been behaving more flexibly for several years now, in some cases offering us deliveries on credit (e.g., Volvo). We also see a growing interest on their part in investment in Poland, as shown by the fact that the number of joint ventures with Swedish capital in Poland has increased from three at the beginning of last year to 84 at present.

Meanwhile, the Swedish authorities have taken it upon themselves to "promote," to some degree, Polish interests at the EFTA, of which it is now chairman. Our draft declaration regarding Poland's collaboration with EFTA has already been approved and specialists are already working on defining its terms.

### **Arms Exports To Continue Under New Regulations**

90EP0487A Warsaw RYNKI ZAGRANICZNE in Polish No 32, 22 Mar 90 p 2

[Article by Maciej Tekielski: "New Regulations for the Export of Weapons"]

[Text] At the initiative of the minister of foreign economic cooperation, influenced recently by the stoppage of our ship "Boleslaw Krzywousty" on the Red Sea, a meeting of an interdepartmental team was held to regulate the trade of weapons. The country's political and economic situation requires this, said Minister Marcin Swiecicki.

The new regulations for these turnovers are to be based primarily on the fact that the producers of military equipment can apply for licenses to conduct foreign trade independently. Thus the present monopoly exercised in this field by the Central Administration of Engineering will be eliminated and the Administration will be transformed into a normal trade enterprise. Just as in other fields, producers can either use the services of an expert intermediary or apply for rights to export on their own.

At the same time, close control will be exercised over what is being exported and to whom. The Ministry of Foreign Affairs will establish a "negative list" covering a ban on the export of specific types of weapons and equipment, and where they are being exported. The Ministry of Foreign Economic Cooperation will exercise control over adherence to this list. Each transaction will require a license issued by this ministry, and in the case of the "negative list," a separate decision by the Ministry of Foreign Affairs will also be required. The Main Customs Office will also play a large role, for it must make control over export "tight," so that this export cannot be conducted under the guise of other transactions. Without sacrificing the economic benefits that sales of weapons bring, such sales should also correspond to our political interests and not evoke negative moral reactions.

In justifying this initiative, Minister M. Swiecicki said that he was guided first of all by moral considerations, and only then by economic ones. But there is no doubt that such export is necessary to us. In any case, many countries do so, including neutral countries. We need this export not only because it is highly profitable. In our present situation, when our army's requirements are lower, caused, among other things, by budget economies, the degree of utilization of production capacity in some factories is so low (in extreme cases it amounts to 10-15 percent), that maintaining such production is becoming unprofitable. The situation is similar, therefore, to the "demand barrier" being experienced by most producers of civilian goods.

Minister Swiecicki said that this export is measured in hundreds of millions of dollars. The significant items are tanks, armored personnel carriers, certain ships, ammunition, and radar stations. In addition, we are also selling quasi-military and auxiliary equipment. Licenses will be required not only for deliveries of equipment, but also for all kinds of training services of a military nature.

The proposals of the Ministry of Foreign Economic Cooperation will be discussed at a meeting of the Sejm commission which should take place within the next few weeks.

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